



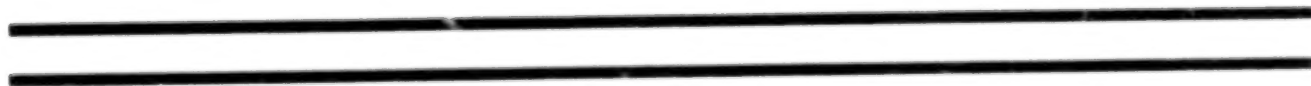
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POLITICAL AFFAIRS

Socialist Party of Working People Cochairman on Political Situation

934C0365A Moscow PRAVDA in Russian
20 Nov 92 pp 1, 2

[Interview with Gennadiy Ivanovich Sklyar, cochairman of Socialist Party of Working People, by Nikolay Kozhanov; place and date not given]

[Text] In Russia there are alternative—alas, as yet unclaimed—ideas, views, approaches, and programs. There are also people whose opinions and positions merit attention. Today the editorial office introduces readers to Gennadiy Sklyar, an engineer from Obninsk who is one of the cochairmen of the Socialist Party of Working People.

[Sklyar] Judging from everything, [Gennadiy Ivanovich noted], the time has come in Russian society when we must finally understand some very important circumstances. And above all what the state's role in the reforms begun by the country is. The people who are now at the controls of power for some reason assert that their functions come down to making "fateful" decisions, but the responsibility for the results of these decisions seems to lie completely on the citizens themselves. We have liberated you, they say, so now go to it, any way you can. That is what the market is for.

[Kozhanov] So then despite all the "freedoms" which they have been given, people are again in the role of guinea pigs?

[Sklyar] That's the way it is. People and entire regions. In principle, I think, no one is against each person showing initiative. Moreover, civic activism is not only a desirable but a necessary condition which, incidentally, has an inverse impact on the state. But despite all that, the state in the person of its power structures must be the guarantor that the reforms being conducted will be beneficial to people rather than detrimental. But today, as we can see, the authorities, having plunged the people into poverty and chaos, announce cheerfully, as if nothing were wrong, that the parties to blame for this are whoever you want—the Bolsheviks, the "Red-Browns," the lumpen proletariat, and so on, only not themselves. There are, of course, few people who are convinced. There is bickering and disagreement in society. Some people demand that the government be replaced, others that the congress and the parliament be disbanded, and yet others that the president resign.

[Kozhanov] But just how can we get out of this vicious circle?

[Sklyar] For a start we should define the role and functions of each institution of power as precisely as possible. Thus, for example, the Congress of People's Deputies, the Supreme Soviet, and the representative organs at all stages must define the course and content of

the transformations and, I repeat, be guarantors of their effectiveness. But the government must work on realizing the course outlined. Let it use all the power of law and all means which the state has at its disposal but also let it bear direct responsibility to the parliament and the people for the results.

[Kozhanov] But then what remains for the president?

[Sklyar] I think it would be right if the president, regardless of who holds this post, Yeltsin or someone else, were relieved of the role of economic reformer. There are other structures for that. The function and duty of the president is to be the guarantor of statehood, national consensus, and civil peace without attaching himself firmly to any particular political grouping.

So when the place and tasks of each institution of power are clearly defined, then the personal aspect will also be clearer, that is, to what degree a particular make-up of the government or deputies and a particular claimant to the post of president fits this role.

[Kozhanov] I wonder just who will be part of this enormously important "jury." The people? But that sounds too general. Besides, the most democratic electoral system, as we can now see, by no means insures you against the most flagrant personnel mistakes. Especially given the present outbreak of populist demagoguery and shameless lobbying by the "loyal" press.

[Sklyar] This is where the political parties, which in our country, alas, are just in the embryonic stage, must show themselves. For it is the parties which are now supposed to be the power which will help society organize itself and give the "street without a voice" a distinct political language and help people determine their choice. In short, it is the parties which are supposed to be the competent intermediaries between society and the state.

[Kozhanov] But to do that the particular party must obviously have some authority and at least have something to offer to society.

[Sklyar] Absolutely. And not on the level of slogans like "Down with!" "Back!" or "Forward!" which some regular and humble little parties are getting by with, but offering what comes from the people's life itself, what society itself is seeking and finding in the convulsions and chaos of today's existence. Moreover, there must be due consideration of the historical experience and traditions of our people, as well as the political realities of the day and the state of people's minds.

[Kozhanov] So then does the Socialist Party of Working People have something to offer society?

[Sklyar] I think so. We have formulated a detailed program document which we called "Russia's Path," where we have tried to interpret our past and present and outline the guidelines for getting out of the quagmire in which the country is becoming increasingly bogged down. When speaking of the present day, I cannot help

recalling Lenin's warning, which he gave in 1921, concerning the idea that if we continue to follow the policy of war communism, it will be the suicide of Russia. I am convinced that these days there will be the very same suicide of the country if we continue the policy of developing savage "shopkeeper" capitalism.

[Kozhanov] But all the same, could you speak a little more concretely about your party's proposals.

[Sklyar] Inasmuch as newspaper space does not allow too detailed an account (that is a separate topic), I will restrict myself to the main points. In the economy we support, first, a strong role of the state and unquestionable preservation of the state sector, which meets—especially in the initial stage—the urgent needs of people. Secondly, the greatest possible encouragement and development of commodity production under any form of ownership (private, collective, cooperative, municipal, or state). Third, destatization based on the principle that those who produce this output own the output and the profits. Finally, all-out awakening and encouragement of local initiative.

[Kozhanov] How many miraculous programs have flashed before us in recent years! Those of Abalkin, Shmelev, Shatalin, Yavlinskiy. Now the "Chicago boys" are experimenting on the country. Like Turgenev's Bazarov on frogs: to see if we survive or not. But where is the guarantee that it is precisely your "Russia's Path" which will prove the redeeming one?

[Sklyar] But we are certainly not asserting, like the present governing team, that there are no alternatives to our recommendations, even though major specialists have worked on them. Moreover, we are prepared to support any other program if we see that it meets the interests of people and the realities of the times to a greater degree. One thing is clear: the country needs its own path which does not servilely copy others' models but at the same time leads us forward rather than returning us either to 1985, 1917, or 1913.

And it would be best if the governmental and opposition parties and movements gathered in a round table and putting aside the squabbles, political arrogance, and ideological labels compared all the proposed variants for getting out of the crisis, weighed the pluses and minuses of each one, and forecast the possible results on the basis of experience already accumulated. There are smart people on both sides. And if the hearts of politicians and economists really do ache for Russia, they cannot fail to reach an agreement.

[Kozhanov] You do not accept "shopkeeper" capitalism, as they say, but you dream of round tables and other accords with the "bourgeois." But your party, meanwhile, is called socialist.

[Sklyar] But we do not reject either the banner or the struggle. The only thing is that you must not be ridiculous in your policies, don't you understand. Nor irresponsible. Standing in picket lines shouting the corresponding curses? Marching along the Arbat like some Hari Krishna's? You can do that, of course, but you know... Alas, many people are for some reason forgetting that we are near the end of the 20th century rather than the beginning. This tragic century should have taught us something! If only that the language of ultimatums and barricades doesn't give the people anything but unprecedented suffering, blood, destruction, and the most brutal dictatorships.

As for the Socialist Party of Working People, it is actively operating through its representatives in parliament and at congresses and in local soviets. In taking the role of open opposition to the present authorities, we all the same prefer primarily constructive rather than destructive work. Let us feel pity for Russia, for it is our country. It was precisely with that goal in mind that the party became the initiator of the convocation in November of this year of the Congress of Leftist Democratic Forces.

[Kozhanov] It seems it is not difficult to guess your position regarding the dangerously aggravated political standoff in the country today.

[Sklyar] I repeat once again: the language of ultimatums, putsches, and barricades is destructive to the country, which is using its last bit of strength to avoid falling into the precipice. It is extremely irresponsible at such a time to engage in a "tug of war" and give free rein to emotions and threats. I believe that while the present Constitution is in effect, there can be no talk of disbanding the Congress of People's Deputies, nor, by the way, forcible removal from power of the legally elected president. The congress, and the president, and the parliament, despite all their shortcomings, remain the guarantors and pillars of stability in society.

Chairman Views Role of Constitutional Court

93UN0288A Moscow PRAVDA in Russian
11 Nov 92 p 2

[Interview of Valeriy Dmitriyevich Zorkin, Chairman of the Constitutional Court, by political scientist Boris Slavin, place and date not given: "The Third Power Proposes a 'Round Table'"]

[Text] A declaration that a Presidential edict on the MVD [Ministry of Internal Affairs] is unconstitutional, a referendum in Tatarstan, execution of the process in the matter of banning the CPSU—this is an incomplete list of actions of the Constitutional Court, which today represents most graphically the country's third power. What is the role of this power in society? How does it see current problems of our life? Chairman of the KS [Constitutional Court] Valeriy Zorkin and political scientist Boris Slavin talk about this topic.

From Absolutism to a Division of Powers

[Slavin] I would like to begin our talk, Valeriy Dmitriyevich, with a question about the current power crisis. I see a manifestation of this crisis in the struggle of the executive and the legislative powers and in demands for the resignation of the President and the Chairman of the Supreme Soviet. Not so long ago one newspaper even posed the question of challenging you, or of a "self challenge." What is your attitude toward all this?

[Zorkin] We still have not learned to live in a society where the principle of the division of powers operates. We have made only a first attempt to create those organs that should lead us to a state based on law. Creation of the parliamentary and judicial powers is the first step toward such a state. We lived for a long time in a society where there was absolute power, which was expressed in the general secretary-president or the president-general secretary.

[Slavin] But you will agree that recurrences of absolute power are evident even today?

[Zorkin] I agree with you. But if we do not learn to live under a division of powers and do not understand that this is a complex system of restraints and counterbalances that was proposed by people who were wise, conscientious, and ready to live with compromise, then each person will pull the blanket over himself and view the others as an enemy. At the same time one must not forget that the divided powers are branches of one and the same state power. This means that we are sitting in one boat and should row in one direction amicably, otherwise, because of the actions of some one....

[Slavin] An oar?

[Zorkin] Yes, he who takes into his head the notion that he is the state power will wreck everything.

[Slavin] In this connection, what do you see as the specifics of the third power and its role in society?

[Zorkin] Like every judicial authority, our country's is called upon not to establish laws and carry out decisions but to be a court, that is an arbiter of contending sides, in a certain sense. No one can be a judge in his own case. If some group deals by itself with a criminal, this is called self-judging. In the same way, in disputes between authorities, the judge should take the position of the party that decides the dispute. If the President decides that he is right or is not right, then we have far to go. This is a constitutional dispute, and it should be resolved by a specific body. The Constitutional Court is recognized as such. Why have I so seldom interpreted Gorbachev's announcements? Because here was a sample of each one wanting to be the judge in his own case. And this by its nature is self-judging.

Legal Nihilism—the Path to Nowhere

[Slavin] Which problems that are presented to you are the most severe?

[Zorkin] It is the increase in criminality, the economy, and federation.

Legal nihilism and the criminality associated with it cannot be overcome in a short time: This would be a miracle. But miracles do not happen. Of course the government of bureaucratic officialdom that we had for decades made us legal nihilists. But this is only part of the problem. Legal nihilism had been cultivated in Russia for centuries. This is reflected in folk sayings of the type, "He who gave the law also went where the law turned," and so on.

[Slavin] But if the country's first people gave an example of legal nihilism, then what do you want of the others? At first we were forbidden from the top, but later those who do the forbidding were forced to turn to the court, and the contrary had to be done.

[Zorkin] Of course. If everyone realizes that the court is needed and the people stands solidly behind it, then our cases will be settled. And, on the contrary, if it is said, why is the Constitutional Court taking that up, then the authority of our law and our court is not confirmed. For example, providing the court with people's representatives is a problem today. People do not want to serve. The court of jurors—this is a great achievement of civilization, but how are we to implement it? If no one wants to be a juror, why hold a court that is in chains?

[Slavin] Perhaps this is related to the general unstable situation in society, the growing social tension, or the poor behavior of society?

[Zorkin] There is a whole complex of problems here. If society is in an economic crisis and there is a vast mass of poor people and a few who are rich, then such a society cannot be stable and there will be no legal order in it. We want to construct the rule of law, but for this purpose a stable economy is required. Let's take the United States. There the main mass of society is middle class, they have good earnings, housing, food, clothing, and so on. It is difficult, they are in a spin, but they are not in poverty. But our society? It is an entirely different picture. There is a small number of nouveau riche who in the reform era have used everything for their enrichment. There is a small stratum of people of moderate means, but the enormous mass of people are immersed in poverty, and this no longer depends upon the person or his career ladder. For you do not survive on the existing wage. What is served by all this? A reduction in the standard of living always has been the soil for an increase in crime and, as a result, dictatorship.

[Slavin] Does this mean that if the economy is not straightened out a dictatorship threatens us in the near future?

[Zorkin] It is extremely probable. If destitution is not overcome, then we simply shall not be able to arrive at civilized rule by law. Remember, "right", "truth," and "justice"—all these words come from one and the same root. What does right mean in economics? It is when

people can live fairly well. And what does this mean? It means that you toil and you receive for what you have produced. The more you work, the more you get. When they give you a license only because of whom you know—this is no longer right but arbitrariness. The law should be the same for everyone.

[Slavin] I would like you to touch right now on that area where our most severe conflicts, perhaps, have come to a head. I have in mind ethnic relationships.

The Most Critical Problem

[Zorkin] I agree with you that this, perhaps, is the most critical problem today. Russia really is a country of many nationalities with different territories, and so on. The Russian federated state consists of complicated parts, and if not all the republics stand together on this common legal base, and each person starts to pull the blanket over himself in all directions and says only: I am a sovereign state, and, being absolutely sovereign—then what will happen?

Sovereignty is an amount of power of some kind. If a component part of the federated state—a republic—does not give up part of its sovereignty in favor of federation-wide bodies and does not carry out its agreements, then life in such a state is impossible. There should be two mutually related prerequisites. On the one hand, the republics should give power to federal bodies of authority, they should give up something, and the federal authority should strictly observe and protect those powers that remain with the republics. Here, as in the case of the authorities at the center, there should be no mutual claims to absolute sovereignty. And here also the judicial power comes in handy. The dispute between them should be resolved in a civilized manner. With all due respect to the republics. I remember that in the Constitutional Court's decision on Tatarstan, its right as a sovereign state that is part of Russia was recognized for the first time by the federation. At the same time, one must not forget that the formation of absolutely sovereign states follows a prearranged path. Something strange is happening in the republics' constitutions, a tendency to proclaim this absolute sovereignty is manifested, but how does this square with their location within Russia? Then the situation that we received on the USSR level is inevitable.

[Slavin] What specifically do you have in mind, which republics are we talking about?

[Zorkin] Take a look at the experience that we are having in Chechnia. We talk sovereignty, but what is to be done with priorities, for example, when the talk turns to the rights of Russian citizens? Thus, take a look at the Chechnia republic law about criminal culpability for various types of crimes that the chairman of parliament signed. The sharia, practically a medieval system is introduced: amputation of the hands, and so on. The central authority that flirted with those who violate mutual agreements by prearrangement deserve to be cursed by their descendants.

[Slavin] You pose a broad problem: Shall we all be independent from the duty to recognize the supremacy of the law or, again, shall we proceed from the cult of personality of the chiefs of the various republics, or those leaders at the center who encourage separatism under the guise of absolute sovereignty?

[Zorkin] The danger of a collapse of Russia is being underestimated, as is the fact that stupendous spontaneous forces that will lead us to the abyss, to the destruction of the unified Russian state, are gathering strength. Then the process can be irreversible. And the problem is not just the fact that the state will collapse. All world civilization can be submerged in the depths of chaos.

[Slavin] This inevitably engenders totalitarianism.

[Zorkin] Yes, it will inevitably come, and perhaps the dictatorship will be of a more terrible type than those which we know about and have seen.

[Slavin] But some consider that the collapse of the empire should proceed to the end.

[Zorkin] To what end? Our April Constitution gives a base for creating a civilized foundation. The principle of the separation of powers and so on was openly proclaimed. The question arises: what is still lacking? Perhaps something is being covered over with politicians' general declarations that they are attached to the right and to the law?

Rights or the Politics of the Bayonet

[Slavin] But in Russia politics has held supremacy over the law, and not the contrary. It is enough to refer to a fresh example: the FNS [National Salvation Front] was banned until it managed to get registered. This reminds us of the well-known words of a French emperor: You conquer a territory, and then legal experts are found who will justify your victory.

[Zorkin] Yes, this is an important problem. But, without evaluating the President's actions on the FNS (this is a problem of the future), I would like to note the following. If by politics you mean naked politics divorced from the law, then this is the politics of the naked bayonet, it never has led to what is good. Everything can be done with the bayonet, the only thing that cannot is to sit on the bayonet. Politics should be legal, and this is impossible without primacy of the law above politics. Otherwise we shall be blown up. One must always proceed from the primacy of right, truth, and justice.

[Slavin] Won't you be accused of excessive socialistness?

[Zorkin] According to the law I am prohibited from expressing an interest in any party, but I think that if socialistness is the triumph of truth and justice, then I am for socialistness.

[Slavin] Let us return to the problem of power and politics. You have said: power should not be scattered around on the pavement. What did you have in mind?

[Zorkin] If authority publishes edicts like pancakes (as in Gorbachev's time) and not one of the edicts is carried out—this is a sign of trouble, of catastrophe. Power is based on the fact that it is the power to assure that which is required of it—to protect and defend the people. At the same time, it should not be the bear which, in killing the fly on the owner's forehead kills the owner himself. The two features of power—strength and the law—must be combined. In order to protect the Constitutional system, Russia today needs a strong, competent power. What are Russians talking about right now? Power must be used. Criminality must be destroyed. We are experiencing right now a deficit of power. Not just any power, but competent and effective power. Power that does not charge ahead blindly but uses a civilized legal form. What are the functions of power? They are simple: to be concerned for the people's welfare without plunging people into poverty, and provide protection for our children and wives from criminals so they will not fear, so that the Russian people will feel safe. The Constitutional Court should also promote this.

Where Is the Way Out?

[Slavin] Perhaps when the term "red-browns" appears, intentionally combining completely clashing "colors" (it is well known that the "reds" fought against the "browns"), we must, in order to restrain these colossal forces which we spoke about and which somehow were anonymous in our conversation, follow a different policy, one of agreement, not of confrontation. And indeed they sticking this label on the frontiers was dared! On the other hand, "democratic fascism," and so on, is spoken about. It is difficult to believe in the desire for political stabilization.

[Zorkin] All the politicians must be aware that, as has already been said, we are sitting in the same boat, which is under the influence of a storm load that can upset it. Right now, as never before, the time has come for a new spiral of becoming aware of and reviving the concepts of "agreement among nationalities," "consolidation," "compromise," "coalition" and, I would say, a "the round table."

[Slavin] A constructive dialogue is needed between the diametrically opposed forces. I understand you to say?

[Zorkin] Yes, the spectrum of movements and parties is very great—from right to left. And those on the extreme flanks should understand: It is necessary first to be saved. Then appeal to the people in a civilized way and they will assess your efforts: at the elections they will give priority to the one or the other. Here there should be

submission. To the Constitution, to the law, and, the most important thing, to the people's will. Right now they are trying to get Russia to rear up on its hind legs. Everyone speaks in its name. And it happens that extremism crept in, from both the right and the left. There is great danger in this. Where is the way out? If we create Presidential power, then the President and the others should recognize that we have a President not of the right or the left but a President of Russia. He must be for us a Russian de Gaulle, a Russian Roosevelt. The current President of Russia has been given a great chance: He should rally the various political forces for the sake of the common goal—the rescue of Russia. But it is not just the President who should recognize this but also the movements and the parties themselves.

[Slavin] But to sit the Communists and the Democrats down at one table is difficult, not to mention the Westerners and the patriots

[Zorkin] That's just the point. But here any body's potential can be used. If the Constitutional Court can help here, I am ready to contribute to it. If they cannot sit down at the "round table" some other place, let them come to the Constitutional Court. It is ready to show here that it is above parties.

[Slavin] In conclusion, tell me, what did the Gorbachev incident end in?

[Zorkin] The Gorbachev problem is for me, and for the court, a problem that is resolved, and, speaking frankly, I feel sorry for this man. This, of course, is not pity for Gorbachev as such, but pity for those people who proclaimed the necessity for the rule of law and ignored it in fact. In my view, Gorbachev's attempts to return to the political arena were unavailing attempts. Our people are not foolish enough to permit it.

[Slavin] You have finally closed the Gorbachev subject?

[Zorkin] In considering the position of the ex-President and his attitude toward the court, we made the decision that he cannot give evidence as a witness that could help to clarify the truth. Therefore we are not insisting upon his appearance in court.

But at This Time...

Viktor Aksyuchits, a people's deputy of Russia, has appealed to the KS, demanding that the Supreme Court pay attention to the Russian Federation President's constant expressions that the republic's Supreme Court should be dissolved and the activity of the Congress of People's Deputies suspended. The deputy asked the judges several questions. In particular: is the President, either himself personally or with help of any bodies, empowered to dissolve or suspend the activity of parliament or the congress?

Patriarch Alexiy on Conflict Over Church Property

934C0335A Moscow IZVESTIYA in Russian 13 Nov 92
Morning Edition p 3

[Patriarch Alexiy interviewed by IZVESTIYA: "Conflict Between Church and Culture Artificially Exaggerated, Asserts Patriarch Alexiy"]

[Text] Churches, monasteries, icons, sacred objects, church books, and manuscripts are today being returned by the state to their rightful owner—the Russian Orthodox Church. However, this process is proceeding with difficulty, as IZVESTIYA has already reported several times.

A newspaper correspondent asked Patriarch Alexiy of Moscow and All Rus to relate his views on the most important aspects of the problem.

"First of all," said His Holiness Patriarch Alexiy, "it must be said we are talking about the return to the Russian Orthodox Church of property that was created over the centuries through the efforts of the faithful and that was expropriated from it in 1918, in keeping with a Bolshevik decree that has now been rescinded.

"In speaking about church property that is for the time being in the possession of state cultural institutions, I want to express a feeling of profound gratitude to all who, over the past 70 years, made truly heroic efforts to assemble and protect from barbaric destruction or cynical sale abroad of even a part of church property. We will always be grateful to the restoration specialists, artists, museum workers, art specialists, and architects who have brought back to life the treasures of church architecture and art that were treated ruthlessly by both time and the postrevolutionary rulers of our country's fate. Nor will we forget that these laborers included a good many pious Orthodox Christians who looked on their labor as a kind of work of church penance. It was these people who, during the grim years when the Church was deprived of its rights, often took over in doing something that the priests could not do—that is, who bore witness to our fellow countrymen outside the walls of our churches to the beauty and moral force of Christianity. Their witness was by no means without danger. It required deep faith and courage, and the Church will never forget their heroic deed."

[IZVESTIYA] In your opinion, Your Holiness, is there in Russia today a legal basis for the transfer to the Church of valuable cultural objects owned by the state?

[Alexiy] The 1918 decree of the RSFSR Council of People's Commissars that I mentioned led to arbitrary action against the Russian Orthodox Church, took away its right to own property, and left it without any rights. Now that sadly remembered act has been declared void. The Church's right to own buildings, sacred objects, workshops, and social, charitable, cultural, and educational facilities has now been enshrined in law. A

museum, library, or exhibit hall, then, can be owned by a parish, monastery, or other church institution in a fully legal fashion. The law also states, and we should make special note of this, that religious organizations have the right to own property transferred to them by the state. Moreover, the law says that the state provides material assistance in restoring church buildings of historical and cultural value. At the same time, it says that the maintenance of historical and cultural monuments owned by the Church must meet established regulations, and we have incorporated this rule in church charters.

[IZVESTIYA] Nevertheless, almost unsolvable problems are arising in practice. They relate primarily to monuments of national significance—for example, the cathedrals of the Moscow Kremlin. Take, for instance, the celebrated Uspenskiy Cathedral; what is it first and foremost—a museum or a church?

[Alexiy] Both world practice and the experience of our Church show that ancient churches that are architectural and artistic masterpieces can fully be used for their intended purpose and remain a traditional place of prayer—and often national spiritual centers as well.

For this reason, we strongly disagree with the desire of some art specialists and museum administrators to either totally forbid the return to the Church of ancient monastery complexes and churches that represent outstanding architectural monuments, or to impose all manner of restrictions on the Church with respect to their normal use. In some cases, this is taking on an utterly distorted character: Limits are imposed on the number of worshippers, candles cannot be lit, decorating the churches with live flowers is forbidden, and other demands are made, including demands that violate the sacramental aspect of the churches' use. An example of this, to our regret, is the situation with respect to the cathedrals of the Moscow Kremlin. It goes without saying that in a jointly used church building, there should be a prohibition against measures of a public-political nature, as well as against the staging of entertainment shows or commercial and publicity events. Without any doubt, these are churches first of all, and only secondly museums.

[IZVESTIYA] And how should one regard revered, miracle-working icons that have wound up in museums?

[Alexiy] There is nothing wrong with placing icons or sacred objects in a museum exhibit, provided they are surrounded with veneration and serve the cause of the people's spiritual enlightenment. Let us not forget that it was in our country that church institutions first began creating such collections and exhibits. Recall the splendid church-archeological rooms of the prerevolutionary spiritual academies, or the Diocesan Museum in Novgorod. Again, both our own and world experience shows that the Russian Orthodox Church should have its own network of museums, which has already been established historically. However, when we are dealing with a revered icon that for centuries occupied a central place

in a church that was visited by multitudes of worshippers, its removal from that church and placement in a museum can only be termed an offense to the religious feelings of millions of believers.

[IZVESTIYA] Another complex and almost paradoxical situation: Up until now, some church buildings have been occupied by restoration workers who are restoring the churches and icons. Now these buildings are being turned over to the Church, and the restorers are finding themselves on the street.

[Aleksiy] I have to clarify this situation. The fact is that the restoration institutions to which you are referring are state institutions. Therefore, in returning to the Church a given church or monastery where such institutions have been located, the state must take care to relocate these institutions, and in most cases it is doing so. It is another matter that their employees are reluctant to leave a place to which they have become accustomed, even though they are occupying it wrongfully and not using it for its intended purpose. And consider the condition in which church and monastery buildings are often left by those who were supposed to be restoring and protecting them. It is no secret that real restoration work in the Novospasskiy and Donskiy monasteries in Moscow began only after their return to the Church and the removal of restoration workshops from them.

[IZVESTIYA] Nevertheless, Your Holiness, the Church cannot, needless to say, do without restoration workers and specialists. What forms of cooperation do you see with them?

[Aleksiy] We have always cooperated closely with agencies charged with preserving historical and cultural monuments and have enlisted the most highly skilled specialists to perform necessary work. The legal transfer to the Church of property that rightfully belongs to it should in no way remove all this cultural wealth from the sphere of scientifically validated preservation, use, and study.

To our great regret, some clergy and laymen fail to understand the importance and necessity of working with representatives of science in preserving and restoring monuments, or with museum administrators. The reason for this lack of understanding is our recent atheistic past, in which scientific circles were artificially separated from the Church.

There are now plans to establish under the Holy Synod a Scholarly Council on the Cultural Heritage of the Russian Orthodox Church, which will include, we hope—in addition to representatives of the hierarchy and church institutions—highly experienced and authoritative restoration experts, art specialists, archeologists, specialists on early texts, museum administrators, and specialists in applied fields. The council will be charged with drawing up binding recommendations on restoration work and on ways to preserve monuments of church culture. In addition, the council will plan comprehensive measures

relating to research and educational activities in the sphere of the Church's spiritual and cultural heritage.

[IZVESTIYA] Some scholars fear that the return to the Church of its manuscript collections will put an end to research on them.

[Aleksiy] Such fears are totally groundless. On the contrary, it is concern for their preservation and for efforts to ensure that the wisdom contained in the manuscripts serve people, and not lie about in vain, that prompts us to be very insistent on this matter. After all, what is the present situation? For many years, renovation work has been under way in the Historical Museum, which contains the collection of the Patriarchal Library. This greatly impedes access to it for researchers. It is also known that the manuscript department of the Russian Library, which holds the collections of the Troitse-Sergiyevskaya Monastery, the Moscow Spiritual Academy, and the Optina Pustyn Monastery, as well as a number of other collections of church manuscripts, is to be closed for renovation. Access to them could be hindered for an indefinite period.

Furthermore, the preservation system used in our country's libraries is, to our great regret, still far from reliable. The fire in the Academy of Sciences Library, not to mention less serious accidents in other libraries, clearly demonstrates this. Finally, many invaluable manuscripts now being kept in state collections haven't even been copied onto microfilm. In keeping with world practice, this is a necessary condition for a manuscript to become accessible to researchers.

In speaking about all this, I must say that we are prepared to work with scholars and library administrators to solve problems relating to the location of church manuscript collections, their microfilming and cataloging, and the publication of the most important relics. In doing so, we can count on extensive assistance and support from both our fellow countrymen and foreign organizations involved in financing this work and providing equipment for it.

[IZVESTIYA] And in conclusion, Your Holiness, a general question, so to speak. What is your view: Are conflicts between the Church and culture inevitable?

[Aleksiy] The unhealthy atmosphere of conflict between the Church and state cultural institutions is the result of an artificial inflaming of that atmosphere. The problem here is the desire of certain functionaries who were once installed in museum work to preserve their monopoly on our national shrines, having become accustomed to thinking they own them.

In essence, there is not and cannot be a conflict between the Church and culture, and the conflict between persons can and must be resolved through conscientious joint efforts made in good faith, in order that our common cultural heritage, the fruits of Russians' spirit, lives not in tombs (see Luke 8:27), but in the place where it was born—the House of God.

ECONOMIC AND SOCIAL AFFAIRS

Statutes on Share Sales, Auctions During Privatization Process

Directive Approving Statutes

935D0110A Moscow ROSSIYSKIYE VESTI in Russian
17 Nov 92

[“Directive of the State Committee of the Russian Federation for Management of State Property, No. 701-r, 4 November 1992”]

[Text] *In keeping with Point 3 of Article 22 of the Law of the Russian Federation “On Privatization of State and Municipal Enterprises in the Russian Federation”:*

1. To approve the “Statute on the Sale of Shares in the Process of Privatization” according to Appendix 1 of the present Directive and to enact it effective the moment it is signed.
2. To approve the “Statute on Specialized Check Auctions” in keeping with Appendix 2 to the present Statute and to enact it effective the moment it is signed.

[Signed] *Committee Chairman A. Chubays*

Temporary Statute on Sale of Shares

935D0110B Moscow ROSSIYSKIYE VESTI in Russian
17 Nov 92 p 4

[“Interim Provisions on the Sale of Shares During the Process of Privatization”]

[Text]

1. General Provisions

1.1. The present Statute establishes the procedure and conditions for the sale of shares for private ownership during the process of privatization of state and municipal enterprises that are privatized through their transformation into joint-stock companies of the open type in keeping with the Law of the Russian Federation “On Privatization of State and Municipal Enterprises in the Russian Federation” and the Edicts of the President of the Russian Federation “On Development of a System of Privatization Checks in the Russian Federation” of 14 October 1992 and “On the Enactment of a System of Privatization Checks in the Russian Federation” of 14 August 1992.

1.2. The procedure and conditions established by the present Statute for the sale of shares are mandatory for the State Committee for Management of State Property of the Russian Federation and the committees for management of state property of the republics of the Russian Federation, krais, oblasts, autonomous oblasts, autonomous okrugs, rayons (except rayons in cities) and cities (except cities under rayon jurisdiction), and also for buyers, sellers, and their representatives (proxies) and intermediaries.

2. Definitions

The main concepts applied for purposes of the present Statute:

2.1. “Goskomimushchestvo” means State Committee of the Russian Federation for Management of State Property.

2.2. “Committee” means the committee for management of state property of the republics of the Russian Federation, krais, oblasts, cities of Moscow and St. Petersburg, autonomous oblasts, autonomous okrugs, rayons (except rayons in cities) and cities (except cities under rayon jurisdiction).

2.3. “Federal Property Fund” means the Russian Federation Federal Property Fund.

2.4. “Fund” means the property fund of the republic of the Russian Federation, kray, oblast, autonomous oblast, cities of Moscow and St. Petersburg, autonomous okrug, rayon (except rayons in cities), and city (except cities under rayon jurisdiction).

2.5. “Enterprises” means all enterprises (subdivisions) privatized through transformation into joint-stock companies of the open type in keeping with legislation of the Russian Federation on privatization.

2.6. “Joint-stock company” means joint-stock company of the open type created by the Committee through transformation of the enterprise according to the procedure established by legislation of the Russian Federation on privatization.

2.7. “Closed subscription” means closed subscription for shares of joint-stock companies conducted in keeping with the Statute on Closed Subscription for Shares in State and Municipal Enterprises approved by the Directive of the Goskomimushchestvo No. 308 of 27 July 1992.

2.8. “Closed subscription for shares of enterprises for initial processing of agricultural products and production-technical support for agricultural production” means the sale of shares through open subscription for shares of enterprises according to the procedure approved by Government Decree No. 708 of 4 September 1992.

2.9. “Check auction” means an auction for the sale of shares in joint-stock companies conducted in keeping with the present Statute and the Statute on Specialized Check Auctions approved by the Goskomimushchestvo.

2.10. “Privatization plan” means privatization plan submitted by the enterprises to the Committee in keeping with legislation on privatization of the Russian Federation.

2.11. “Working commission” means the working commission created in keeping with Point 3 of the Statute “On Commercialization of State Enterprises With Simultaneous Transformation Into Joint-Stock Companies of an Open Type,” approved by Edict of the President of the Russian Federation No. 721 “On Organizational Measures for Transforming State Enterprises

and Voluntary Associations of State Enterprises into Joint-Stock Companies" of 1 July 1992.

2.12. "Standard privatization plan" means the standard privatization plan approved by Decree No. 547 of the Government of the Russian Federation of 4 August 1992.

2.13. "Supplemented standard privatization plan" means a standard privatization plan in which the second section is supplemented by the Committee in keeping with the directive from the Goskomimushchestvo "On Supplementation of the Second Section of the Standard Privatization Plan."

2.14. "Workers" means workers of enterprises and other individuals placed on an equal footing with them by legislation of the Russian Federation on privatization and the State Privatization Program.

2.15. "Version 1," "Version 2," and "Version 3" have the meanings assigned to them in the State Privatization Program for 1992.

2.16. Shares of type "A" and type "B" have the meanings assigned to them in Section IV of Presidential Edict No. 712 of 1 July 1992.

2.17. "Plan-schedule" means the plan-schedule for the sale of shares of enterprises at auctions, check auctions, competitions, and investment trading sessions drawn up by the Committee in keeping with Part 9 of Article 14 of the Law of the Russian Federation "On Privatization of State and Municipal Enterprises."

3. Methods and sequence for sale (exchange) of shares

3.1. The sale of shares is conducted by the following means:

- sale of shares at nominal value to administration officials.
- sale through closed subscription (a) to all workers in keeping with the second version of benefits; (b) to all workers from the fund for the creation of joint-stock companies of workers of the enterprise;
- sale through closed subscription during privatization of enterprises for initial processing of agricultural products and production-technical support for agricultural production;
- sale to a group of workers in keeping with "Version 3" of benefits;
- sale at check auctions;
- sale at investment trading sessions in keeping with the Statute on Investment Trading Sessions, approved by the Goskomimushchestvo of Russia;
- sale through commercial competition in keeping with the Statute on Commercial Competition for the Sale of Shares, approved by the Goskomimushchestvo of Russia.

3.2. When conducting a sale of shares by any of the methods listed in Point 3.1., one should be guided by the corresponding normative acts, instructions, and recommendations of the Goskomimushchestvo.

The sale of shares is carried out in keeping with the deadlines established in the privatization plan and the requirements of the present Statute.

3.3. After the completion of the sale of shares through a closed subscription, it is mandatory to conduct the sale of shares directly at check auctions or, in exceptional cases, by a special decision of the Goskomimushchestvo, at check auctions for packages of shares. The sale of shares at a check auction in keeping with the Statute on the Sale of Shares At a Specialized Check Auction is mandatory for sellers unless otherwise established by statutes of the Goskomimushchestvo.

3.4. After the completion of the sale of shares for privatization checks and money within the framework of a closed subscription and check auctions, one can begin the sale of shares from the Fund for Creation of Joint-Stock Companies (FARP) in keeping with the Statute on FARP's and Sale of Shares by Other Methods.

4. Determination of the quantity of shares sold by various methods and the time periods for their sale

4.1. The Committee must determine in the privatization plan submitted to it the number of shares of the enterprise sold by various methods and the time periods for their sale in keeping with Points 4.7.2-4.7.6 of the present Statute.

4.2. For an enterprise privatized in keeping with "Version 1," within 15 (fifteen) days after the registration of the joint-stock company, the labor collective makes a decision for a one-time distribution of privatized shares of type "A" among workers and submits to the Committee a list of the names of these people with an indication of the number of shares sold to each of them. The overall number of preferred shares of type "A" transferred to the workers is established in point 1.2d of subsection IV of section 1 of the privatization plan. Within 5 (five) days after the registration of the list the Committee as founder issues instructions to executive organs of the joint-stock company to make the appropriate entries in the register of shareholders.

4.3. For an enterprise privatized in keeping with "Version 1" within 15 (fifteen) days after the registration of the joint-stock company a representative of officials of the enterprise administration submits to the Committee a list of the names of these people with an indication of the number of shares acquired by each of them. The list submitted to the Committee must be signed by all officials of the administration who have the right to acquire preferred shares. The overall number of shares sold to administration officials is determined in point 1.4d of subsection IV of section 1 of the privatization plan. Administration officials have the right to use privatization checks to pay for up to 100 (one hundred)

percent of the shares acquired under preferential conditions. For 5 (five) days after the receipt from the Fund of documents confirming the payment for the shares, the Committee gives instructions to executive organs of the joint-stock company to make the corresponding entries in the register of shareholders.

4.4. Within 15 (fifteen) days after the registration of the joint-stock company the working commission submits to the Committee a protocol of the results of the closed subscription for shares (regardless of the version of benefits selected). The number of shares subject to sale through a closed subscription is determined in section 1 of the enterprise's privatization plan. Within 5 (five) days after the receipt from the Fund of the documents confirming the payment for the shares, the Committee as the founder issues instructions to the executive organs of the joint-stock company to make the corresponding entries in the register of shareholders.

Participants in a closed subscription for shares of privatized enterprises make payment in privatization checks in keeping with the Statute "On Closed Subscription for Shares Upon Privatization of State and Municipal Enterprises," approved by Directive of the Goskomimushchestvo of 27 June 1992 No. 308-r, and subsequent changes to the given Statute.

4.5. The number and deadline for the sale of shares in enterprises for initial processing of agricultural products, fish, and sea products, and enterprises for production-technical service and material and technical supply for the agro-industrial complex are determined in keeping with Decree of the Government of the Russian Federation of 4 September 1992 No. 708.

4.6. The sale of 20 percent of the shares to a group of workers which takes responsibility for the fulfillment of the privatization plan and the refusal to allow it to go bankrupt are provided in keeping with a statute approved by the Goskomimushchestvo.

4.7. Time periods for conducting a check auction and the number of shares put up for sale at a check auction are determined as follows:

4.7.1. As of the date of publication of the present Statute, the Committee divides all enterprises into five groups. The following procedure is used here:

4.7.1.1. All enterprises subject to mandatory conversion into joint-stock companies, in keeping with Edict of the President of the Russian Federation No. 721 "On Organizational Measures for Transforming State Enterprises and Voluntary Associations of State Enterprises Into Joint-Stock Companies" of 1 July 1992, are divided by the Committee into 5 (five) groups of the following sizes:

—group 1 includes 10 percent of all enterprises under the Committee's jurisdiction;

—group 2 includes 25 percent of all enterprises under the Committee's jurisdiction;

—group 3 includes 25 percent of all enterprises under the Committee's jurisdiction;

—group 4 includes 20 percent of all enterprises under the Committee's jurisdiction;

—group 5 includes 20 percent of all enterprises under the Committee's jurisdiction.

The aforementioned enterprises are broken down into groups in such a way that none of the enterprises included in any group has an order number on the privatization plan lower than the order number in the privatization plan of the enterprise included in the group with a higher number.

4.7.1.2. Enterprises that are transformed into joint-stock companies in keeping with Edict of the President of the Russian Federation No. 721 but are not subject to mandatory conversion into joint-stock companies and enterprises transformed into joint-stock companies in keeping with other legislative acts on privatization of the Russian Federation are divided up by the Committee and included in groups one through five indicated in point 4.7.1.1. as follows:

—group 1 includes enterprises registered before 30 November 1992;

—group 2 includes enterprises registered after 30 November and before 31 December 1992;

—group 3 includes enterprises registered after 31 December and before 27 February 1993;

—group 4 includes enterprises registered after 27 February 1993 and before 1 June 1993;

—group 5 includes enterprises registered after 1 June.

The aforementioned enterprises are broken down into groups in such a way that no enterprise on this list included in any group has an order number in the privatization plan lower than the order number in the privatization plan of the enterprise included in a group with a lower number. The Committee continues to add enterprises to the groups throughout the year.

The distribution of enterprises in various groups is reflected in the Agreement between the corresponding committee and the corresponding property fund.

4.7.2 The time periods for conducting a check auction for a specific enterprise included in one group or another are determined as follows:

—in group 1—the auction is announced no later than 15 January 1993 and completed no later than 1 March 1993;

—in group 2—the auction is announced no later than 15 March 1993 and completed no later than 1 May 1993;

—in group 3—the auction is announced no later than 15 May 1993 and completed no later than 1 July 1993;

—in group 4—the auction is announced no later than 15 July 1993 and completed no later than 1 September 1993;

—in group 5—the auction is announced no later than 15 September 1993 and completed no later than 1 November 1993.

4.7.3. The overall number of shares subject to sale for privatization checks (regardless of the method of selling) is determined by the Committee as the proportion of the overall number of common shares and preferred shares of type "B" issued by the joint-stock company, in keeping with the following rules.

—for enterprises owned by the Russian Federation, the krais, oblasts, autonomous oblast, autonomous okrugs, and the cities of Moscow and St. Petersburg the proportion of the aforementioned shares is 80 percent;

—for enterprises owned by republics of the Russian Federation the proportion of the aforementioned shares is 35 percent. By a decision of the republic Supreme Soviet this proportion may be increased to 80 percent;

—for municipally owned enterprises the proportion of the aforementioned shares is 45 percent. By a decision of the local soviet of people's deputies this proportion may be increased to 90 percent.

4.7.4. The number of shares subject to sale at a check auction is determined as the difference between the overall number of shares subject to sale for privatization checks and determined in Point 4.7.3. of the present Statute and the number of shares sold for privatization checks through a closed subscription and to officials of the administration under privileged conditions.

For purposes of this calculation it is suggested that workers participating in the closed subscription and officials acquiring shares on a preferential basis pay the maximum sum permitted by existing legislation with privatization checks.

If after the closed subscription and the preferential sale of shares to administration officials for privatization checks the sum that is paid is less than that permitted by existing legislation, the number of shares subject to sale at the check auction is increased in such a way that the overall number of shares sold for privatization checks corresponds to the number established in Point 4.7.3 of the present Statute.

4.8. Up to 20 percent of the shares subject to sale at the check auction may be transferred to the trust with subsequent sale at the same auction or sold at check investment trading sessions on the basis of a special decision of the Goskomimushchestvo.

The transfer to the trust of certain packages of shares is allowed only under the condition that the empowered

property owner observes the rules for their sale established by points 4.7.2-4.7.4 of the present Statute. This condition is subject to mandatory inclusion in the agreement for the foundation of the trust.

4.9. The proportion of shares of holding companies created upon privatization of state and municipal enterprises subject to sale at check auctions coincides with the number of their shares subject to sale for privatization checks determined in keeping with point 4.7.3 of the present Statute.

4.10. All the unpurchased shares from the FARP, upon the expiration of its existence, and all unpurchased preferred shares and shares temporarily assigned as state property, upon expiration of the period of their assignment, are subject to sale for money or checks through the mechanism for investment trading sessions or through additional check auctions.

4.11. The time periods and method of sale of the remaining shares of the enterprise are determined by the privatization plan and the corresponding Statutes which are approved by the Goskomimushchestvo.

4.12. After the plan for privatization of the enterprises is submitted to the Committee, the Committee fills out the second section of the supplementary privatization plan in keeping with the procedure for sale of shares determined in Section 3 of the present Statute and the Directive of the Goskomimushchestvo "On Additions to the Second Section of the Standard Privatization Plan."

4.13. The privatization plan is considered unfulfilled if by the time of the completion of the check auction established in the privatization plan according to the procedure indicated in point 4.7.2. of the present Statute the number of shares established in the privatization plan according to the procedure indicated in Point 4.7.4 of the present Statute are not sold, and also if they are not sold by other methods for sale of individual shares in keeping with the approved privatization plan.

5. Preparation of the plan-schedule

5.1. In keeping with Part 9 of Article 14 of the Law of the Russian Federation "On Privatization of State and Municipal Enterprises," the Committee keeps a plan-schedule for the sale of shares of enterprises and publishes it in the Committee bulletin and the central newspapers.

5.2. After the registration of the joint-stock company, the Committee must include the corresponding enterprise in the plan-schedule for the sale of shares. The plan-schedule is drawn up according to the form for the standard plan-schedule approved by the Goskomimushchestvo.

5.3. It must be established in the plan-schedule for the sale of shares in the enterprise that the plan-schedule is considered unfulfilled if by the date of the completion of the check auction established in the plan-schedule

according to the procedure indicated in Point 4.7.2 of the present Statute the number of shares established in the plan-schedule according to the procedure indicated in Point 4.7.4 of the present Statute have not been sold at the check auction.

6. Signing of agreements between the Committee and the Fund

6.1. The Committee and the Fund sign agreements in keeping with existing legislation.

6.2. If the Committee has signed an agreement with the corresponding property Fund before the present Statute goes into effect, the Committee must bring the agreement into line with the standard agreement between the Committee and the Fund.

7. Sanctions against Committees not fulfilling agreements with Funds. Procedure for resolving disputes

7.1. In the event of a dispute between the Committee and the corresponding Fund, the Fund has the right to appeal the actions of the Committee to the Goskomimushchestvo and ask the Goskomimushchestvo to take disciplinary measures against the leaders of the corresponding Committee.

7.2. The Goskomimushchestvo considers these appeals within seven days after the day they are submitted. If the Goskomimushchestvo thinks that the corresponding Committee has violated the agreement that has been concluded, the following measures may be taken against this Committee, but the list is not exhaustive:

7.2.1. depriving the Committee of the right to act as the territorial agent of the Goskomimushchestvo;

7.2.2. terminating material and technical support, including the supply of computer equipment;

7.2.3. withholding bonuses of all Committee leaders.

If the Committee has unjustifiably refused to transfer share certificates to the Fund, the Goskomimushchestvo exercises its right to replace the chairman of the Committee that has committed that violation.

7.3. The Goskomimushchestvo has the right in keeping with the established procedure to fire the Committee chairman if the violation of the agreement concluded between the Committee and the Fund is systematic in nature.

8. Signing of agency contracts between intermediaries and representatives

8.1. In keeping with Article 11 of the Law "On Privatization of State and Municipal Enterprises," the Fund (committee) may give instructions for shares to be sold to legal entities and individuals acting as their representatives (henceforth "representatives") in keeping with the agency contract drawn up in keeping with the form of the model agency contract between the property Fund

and the republic, which is approved by the Goskomimushchestvo and the Federal Property Fund.

8.2. The agency agreement stipulates that the intermediaries and representatives must not have economic interest in the object of privatization. Economic interest means property, labor, credit, or business relations with joint-stock companies whose shares are the subject of an agency agreement unless otherwise established by legislation of the Russian Federation.

9. Transfer of shares and necessary documents to Property Funds

9.1. In keeping with the conditions of the agreement between the Committee and the Fund, the Committee transfers to the Fund before 31 December 1992 the following documents for all joint-stock companies that have already been included by the Committee in Group 1 by this time:

—an excerpt from the plan-schedule for the sale of shares in the enterprise.

—certificates establishing the right to own shares subject to sale in a check auction;

—a copy of the approved privatization plan;

—founding documents and certificates of the right to found a joint-stock company.

9.2. For other joint-stock companies the Committee transfers the documents indicated in point 9.1 of the present Statute in keeping with the agreement between the Committee and the Fund.

10. Liability for failure to fulfill privatization plans

10.1. If the Fund has not submitted to the Committee confirmation of the sale of the corresponding number of shares at the check auction within 15 days from the day of the conclusion of the auction established by the privatization plan and the plan-schedule for the sale of shares, the Committee in keeping with the established procedure has the right to sell at check auctions shares in enterprises which were not previously transferred to the Fund for sale and privatization plans which have not been fulfilled. The obligation to sell shares previously transferred to the Fund remain with the corresponding Fund.

10.2. The Committee must immediately notify the Goskomimushchestvo of the corresponding fund's failure to fulfill its obligations for the sale of shares and it notifies the corresponding property fund of the deadline for conducting the check auction.

11. Procedure for filing complaints

11.1. If the official of the Committee or Fund does not fulfill his obligations ensuing from the present Statute or legislation on privatization of the Russian Federation, the Goskomimushchestvo establishes the appropriate procedure for examination of complaints.

11.2. Legal entities and individuals have the right to submit a complaint to the Goskomimushchestvo if officials of the Committee or Fund do not fulfill their official obligations or do not take action. The complaint must contain the following information:

- the first and last names of the officials of the Committee or Fund against whom the complaint is being made;
- the nature of the violation.

11.3. The Goskomimushchestvo must consider the complaint and send a written response to the person who filed the complaint within 14 days of the time it arrived.

12. Payment for shares

12.1. In keeping with the established procedure the seller accepts privatization checks and money (including funds from personal privatization accounts) as payment for shares in a privatized enterprise.

12.2. The acceptance, collection, and payment on privatization checks are carried out in keeping with the Statute on Circulation and Payment on Privatization Checks approved by the Goskomimushchestvo of Russia.

12.3. Within 10 days after the completion of the auction (competition, investment trading session) a protocol of the results of the sale of shares is drawn up in keeping with Section 5.6 of the Statute "On Specialized Check Auctions." The authenticity of privatization checks submitted for payment must be certified with a reference of the corresponding property fund. The protocol and reference must be submitted by the corresponding property fund to the corresponding Committee within 15 days after the auction.

13. Register of shares in the joint-stock company and documents certifying the right to own shares

13.1. In keeping with Edict of the President of the Russian Federation No. 721 of 1 July 1992, the joint-stock company keeps a register of its shareholders. The register is kept in the form of a journal whose pages must be numbered, bound, and sealed with the stamp of the joint-stock company. If a working commission was formed in keeping with Edict of the President of the Russian Federation No. 721 of 1 July 1992, this commission is responsible for making sure that it is possible to use the register after the registration of the joint-stock company. If such a commission was not formed, the responsibility for the readiness of the register is borne by the general director of the privatized enterprise. The executive organs of the joint-stock company are responsible for ensuring the proper preparation of the register by the work commission or general director.

13.2. The register includes the following information on each shareholder:

- full name;

—address;

—number of shares;

—nominal value of shares;

—type of shares;

—date of acquisition of shares by shareholder;

—date of last payment for shares;

—date when the individual ceased to be a shareholder.

13.3. The register is always kept at the location of the joint-stock company, with the exception of cases when the joint-stock company entrusts the registration of the shareholders to the bank or other specialized organization (henceforth called registrar). In these cases the register may be kept where this registrar is located. If the register of shareholders is not kept in the place where the joint-stock company is located or if there is a change of the location of the register, the board of directors of the joint-stock company immediately informs all shareholders of this. In any case the register may not be kept outside the Russian Federation.

13.4. The register and also the documents on the completion of transactions for acquiring shares may be inspected by any shareholder or other individual at any time during regular working hours. Any shareholder or other individual has the right to obtain copies of excerpts from the register or other entries mentioned above or any part of these documents after making payment in the amount of 100 rubles for each page or a smaller amount established by the joint-stock company.

Copies must be sent by registered mail to the individual who requested these copies within 10 days after the joint-stock company receives this request, with the exception of cases when they pick up the requested copies personally.

13.5. Within 10 days after the registration of the joint-stock company, the executive organ of this company (or registrar) must register the committee in the register of shareholders as the holder of all shares of the joint-stock company. The committee must submit to the executive organ (or registrar) a list of names and sample signatures of individuals with the right to sign on behalf of the Committee and other legal entities or individuals.

13.6. The executive organ (registrar) does not register the transfer of shares until the joint-stock company receives the corresponding model of the filled-in form for the transfer of shares signed by the individual transferring the shares and filled out in keeping with Appendix 1 of the present Statute, and also:

- the corresponding certificate for shares in cases when a certificate has been issued;
- other documents confirming the fact of the completion of the transaction for acquiring shares.

13.7. The executive organ (registrar) of the joint-stock company may not refuse to register the transfer of shares without legal justification for the refusal. In the event that the executive organ (registrar) refuses to register the shares, he must, within seven days after the form for transferring the shares and also other documents have been submitted, inform the individuals buying and selling the shares of the refusal with an indication of the reasons for it.

13.8. If a shareholder believes that the executive organ of the joint-stock company (registrar) has unjustifiably refused to register or has delayed the registration of the sale of the shares to the joint-stock company, this shareholder informs the auditing commission of this. The commission appoints an individual responsible for considering these claims. The auditing commission considers claims of this type. The executive organ (registrar) must place at the disposal of the auditing commission at its request any information pertaining to the transfer of shares. The decision of the auditing commission is mandatory for execution by organs of the joint-stock company (registrar) in the absence of a court decision indicating otherwise or agreements between the parties involved.

APPENDIX 1

Form for transferring shares

Name of joint-stock company	Description of securities
Number and value of transferred securities	Name and address of registered shareholders
Price	

I (we) hereby transfer the aforementioned securities to the individual named below. I (we) affirm that I (we) am the owner of the aforementioned securities and have a full and unlimited right to transfer them and that the aforementioned securities are not objects of deposits or objects of the rights of third parties.

Signature of the individual transferring the shares	Date
Name and address of the individual receiving the shares	

I (we) request that you make in the register the entries necessary for the present transfer of shares to go into effect in keeping with the indicated conditions. Signature, name, and address of the individual receiving the shares or other individuals filling out the given form.

Statute on Specialized Check Auctions

935D0110C Moscow ROSSIYSKIYE VESTI in Russian
17 Nov 92 p 5

["Statute on Specialized Check Auctions"]

[Text]

1. General provisions

1.1. The present Statute has been developed in keeping with the Law of the Russian Federation "On Privatization of State and Municipal Enterprises in the Russian Federation."

1.2. The Statute determines the procedure for conducting specialized check auctions (henceforth in the text—check auction), the conditions for buyers' participation in it, and the procedure for settling accounts and documenting the rights to ownership of the shares that are sold.

1.3. A check auction is understood to mean the sale of shares of privatized state and municipal enterprises at an auction exclusively for privatization checks. The check auction is conducted according to the procedure established by the Statute "On the Sale of Shares During the Process of Privatization."

2. Determination of the number of shares subject to sale at a check auction and the procedure for making decisions about their sale at a check auction

2.1. The total number of shares in state and municipal enterprises subject to sale at a specialized check auction is determined in keeping with Points 4.7.3 and 4.7.4 of the Statute "On the Sale of Shares During the Process of Privatization."

2.2. The decision to sell shares at a check auction is made

—for shares in joint-stock companies created during the process of privatization through the transformation of state enterprises included in the federal property of the Russian Federation—by the State Committee of the Russian Federation for Management of State Property and its territorial agencies;

—for shares in joint-stock companies created during the process of privatization through transformation of state enterprises included in the state property of the republics of the Russian Federation, krais, oblasts, autonomous oblast, autonomous okrugs, the cities of Moscow and St. Petersburg and the municipal property of rayons, cities and administrative-territorial rayons included in them, cities and the administrative-territorial formations included in them—by the corresponding committee for management of property of national-state, national- or administrative-territorial formation.

Henceforth the aforementioned organs are called the "Committee."

3. The seller

3.1. In keeping with the conditions of the agreement between the corresponding Committee and the corresponding property Fund, the sellers of the enterprises are:

—for shares of joint-stock companies created during the process of privatization through the transformation of

state enterprises included in federal property of the Russian Federation and the Russian Federal Property Fund (Goskomimushchestvo) or its divisions (territorial agencies) in the localities or representatives appointed by them;

- for shares of joint-stock companies created during the process of privatization through the transformation of state enterprises included in the state property of republics of the Russian Federation, krais, oblasts, autonomous oblast, autonomous okrugs, cities of Moscow and St. Petersburg and the municipal property of rayons, cities and the administrative-territorial formations included in them, and the corresponding property funds (Committees).

Henceforth the aforementioned organs will be called the "Seller."

3.2. The seller:

- in keeping with the present Statute, organizes the publication of information reports on the shares sold at the check auction;
- organizes the check auction;
- settles accounts with participants in the check auction;
- documents the property rights of the buyer;
- informs the public of the results of the check auction;
- establishes the procedure for acceptance of applications and deposits.

3.3. In keeping with the conditions of the agreement between the corresponding Property Fund and the Committee, the Committee transfers to the seller:

- the document certifying the right to own the shares;
- a copy of the privatization plan approved under the established procedure with an indication of the number of shares subject to sale and the nominal value of one share;
- a draft of the information report on conducting the check auction.

3.4. On the basis of the information received the seller draws up an information report on conducting the check auction.

The information report must be published no later than four weeks before the announced date of the completion of the auction in a special information bulletin of the seller and in the local press.

Upon privatization of objects of municipal property shorter time periods may be established for publishing the information report, but no less than two weeks.

Upon the sale of shares in the joint-stock company whose charter capital exceeds 50 million rubles, the information report must also be published in:

- the bulletin of the Russian Federal Property Fund;
- one of the local newspapers.

3.5. The information report must include the following information:

- the full name and legal address of the joint-stock company;
- the overall number and types of shares issued;
- the nominal value of one share;
- the version of receiving benefits selected by workers of the enterprise;
- the number and nominal value of shares put up for sale at the check auction;
- the address and telephone number of the organization in which the buyers may find out about the emission prospectus (privatization plan);
- an indication that the only form of payment at the auction is the privatization check;
- the first and last day for submitting applications;
- the address and telephone number for contacting the seller;
- the addresses at which applications from participants in the auction are accepted.

The form for submitting the aforementioned information and the list of additional data are determined by the seller.

3.6. The seller bears responsibility for making sure that the information contained in the information bulletin corresponds to the enterprise privatization plan.

4. Conditions for participation in the check auction

4.1. Individuals and legal entities who, in keeping with Article 9 of the Law of the Russian Federation "On Privatization of State and Municipal Enterprises," may be called buyers are allowed to participate in the check auction.

4.2. In order to participate in the check auction the participant submits to the seller an application indicating:

4.2.1. the number of privatization checks which the participant submits in payment for shares (henceforth this application is called an application of "Type 1");

or

4.2.2. the number of privatization checks which the participant submits in payment for shares and the maximum price (the maximum number of checks for one share) which the participant agrees to pay for one share indicated in the information report (application of Type

2). The maximum price is reflected in the number of privatization checks per share.

Applications of Type 1 and Type 2 are submitted on blank forms approved by the seller.

Legal entities also submit information on the share of the state, local soviets of people's deputies, social organizations (associations), and philanthropic and other social funds in their charter capital (for joint-stock companies: an excerpt from the register of shareholders).

4.3. The acceptance of applications begins no later than two weeks before the last day of the acceptance of applications.

4.4. Information on individuals who have submitted applications for participation in the check auction will not be made public.

4.5. The applicant may be refused participation in the check auction if he:

4.5.1. may not be a buyer because of existing legislation;

4.5.2. has not submitted an application by the established deadline.

This list of grounds for refusal is exhaustive.

5. Procedure for conducting a check auction

5.1. A check auction is conducted according to the following procedure:

5.1.1. The auction is conducted by a permanent commission whose composition is approved by the seller or, on his instructions, by a specialized intermediary firm hired by the seller (henceforth—Commission).

5.1.2. Upon expiration of the time period for acceptance of applications from participants, a protocol is drawn up and signed by the chairman and secretary of the Commission.

5.2. Representatives of the Committee and the mass media may be present when the results of the check auction are summed up.

5.3. The Commission determines the selling price of one share (henceforth in the text—selling price), which meets the following conditions:

5.3.1. all shares are sold at the selling price;

5.3.2. all applications of Type 1 are satisfied;

5.3.3. all applications of Type 2 which indicate the maximum price in excess of the selling price are satisfied.

5.3.4. some of the applications of Type 2 which indicate a price equal to the selling price are satisfied. Applications subject to satisfaction are determined in keeping with Point 5.5.3;

5.3.5. applications of Type 2 which indicate a price below the equilibrium price are not satisfied;

5.3.6. the number of shares sold must be 95 percent of the number of shares offered at the auction;

5.4. All participants whose applications are satisfied are winners of the auction.

5.5. The number of shares sold to winners of the auction is determined in the following way, taking into account rounding off in keeping with Point 5.5.5 of the present Statute:

5.5.1. for a winner who has submitted an application of Type 1, the number of shares sold is determined according to the formula:

$A1 \text{ equals } K1 \text{ divided by } Ts$

where $A1$ —the number of shares sold to the given winner, Ts —sales price expressed in the number of checks paid for the share, and $K1$ —the number of privatization checks indicated in the application;

5.5.2. for a winner who has submitted an application of Type 2 and indicated a price above the selling price, the number of shares sold is equal to the number of shares indicated in the application;

5.5.3. the overall number of shares sold to participants who have submitted applications of Type 2 and indicated a price equal to the selling price is determined according to the formula:

$A2 \text{ equal } A \text{ minus } B$

where $A2$ —the overall number of shares sold to participants who submitted applications of Type 2, A —the overall number of shares sold at the auction, and B —the overall number of shares sold to winners of the auction in keeping with Points 5.5.1 and 5.5.2 of the present Statute;

5.5.4. Applications of Type 2 in which the offered price of a share is equal to the selling price are satisfied in keeping with the following procedure:

The first to be satisfied is an application which indicates the largest number of privatization checks, then the application which indicates the second largest number of privatization checks, and so forth until the overall number of shares acquired by the participants reaches the level of $A2$ as indicated in Point 5.5.3 of the present Statute;

5.5.5. if as a result of the determination of the selling price in keeping with Point 5.3 of the present Statute the number of shares exchanged for one privatization check is not a whole number, the shares are split up and the number of shares sold is rounded off. Here the difference between the nominal value of the shares offered for sale and the nominal value of the shares sold must not exceed five percent.

5.6. The Commission draws up in three copies a protocol of the results of the check auction, which indicates:

- the date and number of the protocol;
- the name of the seller;
- the composition of the Commission;
- the full name and legal address of the joint-stock company;
- the selling price;
- a list of winners with an indication of the number and nominal value of the shares sold to each of them;
- the overall number and overall nominal value of shares sold at the check auction.

All copies of the protocol are signed by the chairman and secretary of the Commission, and after that are approved by the seller within three working days.

5.7. Concealing participants' applications and failing to take them into account when summing up the results entails administrative liability in keeping with existing legislation. The fine is imposed on the chairman of the Commission. The results of the check auction in this case may be declared invalid by the seller.

5.8. The seller must provide access to the results of the auction for all of its participants. The announcement of the results of the auction is published no later than 40 calendar days after it is held in the same place where the announcement of the auction was published.

5.9. After the winners are determined the seller sends the protocol on the results of the auction to the executive organs of the joint-stock company so the corresponding changes can be made in the register of shareholders of the enterprise.

5.10. The seller must inform all winners of the selling price and the total number of shares they have acquired.

5.11. For applications that were not satisfied, the seller must return the privatization checks.

6. Documenting the right of ownership of the shares

6.1. The right to ownership of the shares is transferred from the seller to the buyer from the moment the corresponding change is made in the register of shareholders.

6.2. After the corresponding changes are made in the register of shareholders the seller provides each winner with an announcement to the effect that the given winner is a holder of shares and also information about the location of the register of shareholders.

7. Invalidity of transactions for privatization and liability of the parties

7.1. Transactions for sale of shares at a check auction are deemed invalid in cases and according to the procedure established by existing legislation of the Russian Federation.

7.2. Disputes over declaring transactions for the sale of shares at a check auction invalid are considered in a court or arbitration court in keeping with existing legislation of the Russian Federation.

DELOVOY MIR Economic Statistics 10 October

934A0226A Moscow DELOVOY MIR in Russian
10 Oct 92 pp 2, 3

[Economic report under the rubric "Statistics" by Valeri Galitskiy, Aris Zakharov, and Aleksandr Frenkel: "The Decline Continues To Grow"]

[Text]

Industrial Production

Actual data on output of the most important products in September shows that the decline in production continues to grow and, on the whole over September, will reach 28-29 percent (in August of this year as compared with August of last year—27 percent).

Over the September period which has transpired, a decrease in production was seen for 128 production varieties (80 percent of the total number of items taken into consideration in the regular weekly accounting), as compared with the same period of last year, and for 65 varieties (almost half of all items)—a decrease was observed as compared with the previous month's level. For 59 production varieties, the decline over September as compared with the same period of last year exceeded 30 percent. Among these varieties were steel piping, major items of electrical machinery, excavators, trolley buses, mineral fertilizers, tires for agricultural vehicles, synthetic dyes, cotton, wool, and silk fabric, knitted articles of clothing, footwear, whole milk production, vegetable oil, meat, and tea. Estimates show that for most of the production varieties enumerated, the situation will be maintained for September overall.

In the fuel industry, petroleum extraction continued to drop during September. The average daily production of petroleum decreased by 2 percent as compared with the same period in August, the lag amounting to 17 percent when compared with the level of September of last year (over eight months of this year the decline comprised 14 percent). Gas and coal production increased somewhat over the August levels; as compared with the levels of last year, however, reductions were observed amounting to 4 and 9 percent, respectively. Electrical energy output dropped by 12 percent as compared with the same period of last year, including a 14 percent drop in electrical energy produced at thermal electric power stations.

In the sphere of ferrous metallurgy, the output of all main production varieties, except for coke, was reduced 4-10 percent over the period of September which transpired, as compared with August. In this regard, the output of finished rolled-metal end products and steel piping decreased by 22-32 percent as compared with the same period in September. A sharp decline in production of finished rolled metal was observed at the Magnitogorsk and West-Siberian metallurgy combines (by 41-45 percent), and in production of steel piping at the Taganrog Metallurgy Plant and Chelyabinsk Pipe Rolling Plant (by 45-53 percent). The main reason for this is a deterioration in the provision of raw materials and blanks to enterprises because of insufficient funds.

In machine building, the daily output of most production varieties was lower than for the same period of September last year, and almost half the level of August of this year. There was an intensification of the trend towards falling production of metal-cutting machine tools with numerical program control, and of forging and pressing machines, their output comprising just 40 and 70 percent, respectively, of the levels of August of this year. In September the daily output of electric bridge cranes, power graders, trolley buses, grain-harvesting combines, and roller bearings constituted only 43-75 percent of the previous month's level.

In the timber, lumber processing, and pulp and paper industries, a 9-percent increase was observed in the average daily production of libri-form hard-fiber panels and an 18-percent increase in production of matches over 20 days of September, as compared with the same period in August. As compared with the level for September of last year, however, we see a continuation in the fall of production volume in all the main lumber-production varieties. The average daily output of commercial timber amounted to 196,000 cubic meters over the period of September which has transpired, one-fourth lower than for the same period of last year. A lack of raw timber was the main reason for the drop in production of sawn timber products, for which daily production dropped 12 percent over the previous month, and by more than a third as compared with the level of September last year. The situation with respect to paper output is becoming exacerbated, the lag behind production for the same period in September of last year having reached 40 percent. The greatest decreases were seen at the Syas, Balakhna, Archangel, Kotlas, and Kondopoga Pulp and Paper Combines.

At enterprises of the construction materials industry, the average daily output volume of high-quality asbestos, soft roofing and insulation, and window glass was higher over the three weeks of September which have transpired than for the same period of the previous month. However, the lag behind the levels of September of last year with respect to a majority of the most important varieties of construction materials is significant. This lag amounted to 24-31 percent for cement, slate, asbestos, soft roofing materials, and bricks used in construction. Related to the shutdown in August, due to problems in

production sales, of the Ural Asbestos Ore-Dressing Combine—which accounts for 60 percent of the production volume of high-quality asbestos in the Russian Federation, a tense situation has come about with regard to the output of asbestos-cement piping and coupling. Five out of 13 enterprises have halted this production. On the whole throughout the republic, the level of production output of asbestos-cement piping and coupling over 20 days of September amounted to less than a fourth of last year's level.

Food and Industrial Products

With respect to food products, a significant lag behind last year's level was seen for more than half of 31 entries reported in the weekly accounting, and a reduction as compared with the same period of the previous month was seen with respect to 12 varieties.

During the period of September which has transpired, decreased production output was seen as compared with the same period of last year with respect to meat—by a third, butter—by 22 percent, whole milk production—by more than half, and cheeses—by a fourth. The situation regarding vegetable oil production saw no improvement, the output here constituting only half of last year's level.

A deterioration is seen in the production of granulated sugar from sugar beets of the 1992 crop, output comprising only a third of last year's production volume.

As a result of the adverse situation concerning raw materials, which are being received mainly through imports, production of tea over the days of September which have transpired amounted to only half the level observed last year.

Production of cereals from state grain stocks, confectionery items, concentrated foods, nonalcoholic beverages, and mineral water showed a decrease of 29-40 percent as compared with the same period of last year.

In light industry, in spite of a certain growth trend seen in the average daily production volume as compared with August for wool and silk fabric, knitted articles of clothing, and footwear, there was still a lag in the production of these items as compared with September of last year amounting to 52-58 percent.

With respect to major household appliances, production increases were observed in September as compared with August for electric vacuum cleaners, tape recorders, and televisions, while significant (14-24 percent) decreases were seen in the output of radios, washing machines, and motorcycles. The production decline for basic types of equipment as compared with September 1991 amounted to 13-51 percent. Over the period of the month which transpired, a failure to provide materials and accessories resulted in no washing machines being produced at the aircraft plant (Republic of Buryatia). To date there has been no resumption of production of radios or tape recorders at the Velikiye Luki production association

Radiopribor in Pskov Oblast, or of washing machines at the Omsk Transportation Vehicles Plant.

As far as essential nonfood products are concerned, a reduction of 5-12 percent was seen in the production of cigarettes, toothpaste, laundry soap, and toilet soap as compared with the same period of last year; a reduction of 31-39 percent took place in creams and synthetic detergents.

Agriculture

The harvesting of grain crops is nearing completion. By the end of September, 92.9 million tonnes of grain were threshed at Russian farms. 5.2 million tonnes (6 percent) more than last year. Threshing operations were conducted over 81 percent of the lands under seed (for the two preceding years, grain was threshed at this point in time from 89-91 percent of areas under seed). On the average, 20 quintals were obtained per hectare (in 1991—16.2 quintals, in 1990—21.4).

Grain harvesting is being conducted mainly in the Urals and Siberia, where 8.5 million hectares still remain unharvested (2.8 million hectares were threshed here last week, as opposed to 2.7 million over the preceding seven-day period). High crop yields are not forecast for these regions due to adverse weather conditions for conducting the harvesting.

Grain-receiving enterprises received 19 million tonnes of grain (97 percent of last year's volumes). Whereas by this time in 1990, 27 percent of the amount of grain gathered was purchased, and in 1991—22 percent, this year the figure is about 20 percent. Mandatory deliveries have been fulfilled to the level of 65 percent. Of 62 territories where farm quotas were established, farms of 14 territories proved able to handle them.

Potatoes were harvested over 77 percent of the area of socialized farms; 6.1 million tonnes of tuber crops were obtained. Practically all the potatoes taken were from Severnyy Rayon, Volgo-Vyatskiy Rayon, a number of territories in the Volga and Ural regions, and mainly—from Central Russia. The yield per hectare, on the whole, amounted to 93 quintals of tuber crops as opposed to 95 quintals a year ago.

Vegetables were harvested from 37 percent of the areas under seed, including 8 percent harvested last week. Beets were harvested from more than a third of sown areas, 8.8 million tonnes having been collected. The average yield per hectare exceeded last year's volume by 13 percent, amounting to 187 quintals.

In spite of the significant (8- or 9-fold as compared with the 1991 level) increase in purchase prices for potatoes, fruits, and vegetables, a satisfactory replenishment of state resources is not being accomplished. By 28 September of this year, 1.1 million tonnes of potatoes (39 percent of last year's volume), 1.3 million tonnes of vegetables (approximately half), and 246,000 tonnes of fruits and berries (75 percent) were received in state

reserves. Only 8 kilograms of potatoes and vegetables were purchased per Russian resident, as opposed to 20 and 15 kilograms, respectively, by this time last year.

Fodder reserves necessary for the winter period when livestock are in their stalls were not established in the required quantity in most regions. By the end of September, only 12.2 feed-unit quintals per standard head of livestock of coarse and juicy fodders were procured, as opposed to 13.2 by this time in 1991. The gathering of straw (mainly in regions of the Volga, Urals, and Siberia) and grasses for silage (practically everywhere) continues to take place on Russian farms. The harvesting of root crops for feed is proceeding slowly; farms in the North European portion of Russia and in Siberia have, practically speaking, not even set about engaging in this effort as yet. On the whole, 1.4 million tonnes of root crops have been obtained, or 41 percent of the previous year's volume.

The decreased rate of operations in effecting preparations for next year's crop is becoming more pronounced. As of 28 September, winter crops were sown over an area of 14.3 million hectares, as opposed to 18.1 million hectares last year. Autumn plowing was accomplished over 25.7 million hectares (43 million in 1991). Areas of autumn plowing and sown winter crops were appreciably lower than last year's levels at farms of the Chernozem oblasts, Volga region, North Caucasus, and Western Siberia.

The Consumer Market

The degree of saturation of the market with basic food products is somewhat unstable. Last week (21-25 September) there was a sharp increase in the demand for meat, vegetable oil, and sugar. While their production volumes increased by 5, 54, and 61 percent, respectively, stocks of meat in retail trade were reduced by 49 percent, of vegetable oil—by 16 percent, and sugar—by 30 percent. The situation in this regard was especially adverse in Yaroslavl, Saransk, Lipetsk, Penza, Makhachkala, Vladikavkaz, Izhevsk, Tomsk, Kyzyl, and Yuzhno-Sakhalinsk.

Interruptions became more frequent in the trading of butter and eggs. Whereas during the previous week these products were available for sale practically everywhere, during the third 10-day period of September butter was absent from stores surveyed in Kostroma, Volgograd, Izhevsk, and Blagoveshchensk; eggs were absent in Vladimir, Ulyanovsk, Makhachkala, Barnaul, Omsk, and Tomsk.

Lines for bread were observed in Tula, Makhachkala, Groznyy, Kemerovo, Omsk, Irkutsk, and Khabarovsk. Supplies of flour in trade and industry over the week decreased on the whole across Russia by 7 percent. This could lead to serious stoppages in the trade of bread.

The following table shows the state of the market for basic food products by groupings of cities:

	Number of cities where the product			Market saturation index*	
	could be purchased		was not available for sale	9/14-9/18	9/21-9/25
	freely, without standing in line	standing in line, or with coupons			
Meat	45	6	25	3.0	2.9
Whole milk products	66	9	1	3.8	3.8
Butter	67	5	4	3.9	3.7
Eggs	68	2	6	3.8	3.7
Sugar	33	16	27	2.7	2.5
Vegetable oil	36	2	38	2.6	2.4
Potatoes	59	-	17	3.4	3.3

*Values of this index range from 1 to 4; they are average-weighted values for city groupings calculated according to the following market situations: (1)—product not available for sale; (2)—product sold using coupons; (3)—product sold with the need to stand in line; (4)—product may be purchased freely.

While demand in the market of light industry products is not being satisfied, a glut is being formed with respect to items which do not meet purchaser requirements. Last week in Syktyvkar, Murmansk, Novgorod, Orel, Ivanovo, Kaluga, Lipetsk, Saratov, Cherkessk, and Yakutsk, there were no sales of women's light wool overcoats priced at 5,000-7,500 rubles [R]; in Murmansk, St. Petersburg, Pskov, Tver, Orel, Rostov-on-Don, Perm, Barnaul, and Tomsk—no sales of women's blended-fabric coats priced at R3,800-6,900; in Murmansk, Vladimir, Kurgan, and Izhevsk—of women's autumn boots priced at R5,000-10,000; and in Murmansk, Novgorod, Rostov-on-Don, and Kurgan—of men's low shoes priced at R2,000-3,000.

Prices on the Consumer Market

A certain stabilization which began at the end of August was replaced by further price increases in food products. Over the period 15 through 22 September, prices increased by 4.5 percent (3.1 percent over the previous week). In retail trade, prices rose by 4.3 percent, and in city markets—by 5.3 percent, as opposed to 2.6 and 4.5 percent, respectively, over the previous week.

The following table reflects price changes, in percentages, over the week with respect to the basic product groupings:

	Total	Including:	
		Retail trade	City market
All food products	104.5	104.3	105.3
including:			
Meat and meat products	104.4	104.0	104.7
Fish and fish products	102.9	102.9	
Nutritional fats	102.9	103.1	101.5
Dairy products and cheeses	102.7	101.9	108.3
Eggs	105.5	105.4	106.0
Confectionery items	106.9	106.9	
Bakery products	105.9	105.9	
Cereals and macaroni products	103.2	103.2	
Potatoes and vegetables	101.0	103.3	98.9

Sharp increases were observed over this period in the prices of cigarettes (21.7 percent), amounting to R48 per pack, and matches (24.2 percent)—R1.59 per box.

Significant increases were seen in the retail trade prices of tea (15.3 percent), pork (10.7 percent), wheat bread made from highest quality flour (11.6 percent), rye-wheat bread (8.2 percent), wheat bread made from Grades I and II flour (6.3 percent), eggs (5.4 percent), sugar (5.2 percent), and salt (8.7 percent).

The rate at which prices increased in city markets was greater than that observed in retail trade, this being mainly due to meat and milk products. The gap between market and state trade prices is reflected by a factor of 1.5-2.5 for beef, pork, milk, sour cream, fatty cottage cheese, and beets; 30-40 percent for vegetable oil, low-fat cottage cheese, and carrots.

Prices for nonfood products increased 5-7 percent over the week. The increase was far greater for several entries:

prices of boys' jackets increased by 20 percent (R1,574); of color television sets—by 13.1 percent (R25,497). The high level of prices was reflected in their lower sales volumes. Over the period January through July, volumes of sales to the population were less than during the same period last year with respect to color television sets—by 54 percent, and refrigerators—by 65 percent, while their production volumes declined over the same period by 18 percent.

Entry into force of Edict No. 1,089 of the Russian president dated 17 September 1992, "On State Regulation of Prices for Certain Energy Resources," brought about increased prices for fuel supplied the population: gasoline—by 10.3 percent, coal—by 15.2 percent, firewood—by 14.8 percent, peat briquettes—by 23 percent. The average price of gasoline as of 22 September this year was R8.5 per liter, coal—R1,687.1 per tonne, firewood and peat briquettes—R76 and R144 per cubic meter. In certain cities (Archangel, Pskov, Moscow, Vladikavkaz, Tuapse, Rostov-on-Don, Volgograd, and Vladivostok), prices for gasoline increased 2- or 3-fold, fluctuating from R15 to R25 per liter.

Rates for electrical energy increased on the whole by 1.8-2.5 percent. In Pskov, Vladimir, Moscow, Cheboksary, Saratov, and Novosibirsk, however, they rose by a factor of 1.5, comprising R0.35-0.36 per kilowatt-hour.

Rates for transporting passengers by rail increased 1.5-fold beginning 19 September, by air—3-fold. The cost of a compartment car ticket on a fast train to Moscow from Cheboksary increased from R152 to R228; from Tomsk—from R402 to R603; Khabarovsk—from R866 to R1,299. The price of an air ticket to Moscow from Murmansk increased from R567 to R1,701; from Krasnoyarsk—from R818 to R2,454; from Vladivostok—from R1,490 to R4,471.

Preparations for the Winter Season

Russian Federation consumers are experiencing greater success in stocking fuel reserves for the coming winter season. By the beginning of September this year, stores of coal in the republic comprised 48.9 million tonnes (18 percent more than on 1 September 1991), and furnace fuel oil reserves—10.4 million tonnes (7 percent more), quantities which would satisfy a two-month requirement for these fuels. Sufficient fuel is on hand in the energy sector to provide more than a month-and-a-half of operation. Here coal reserves amounted to 25.8 million tonnes (26 percent more than was the case on 1 September 1991) and furnace fuel oil supplies—3.6 million tonnes (11 percent more). Boiler-facility and central heating networks of the Russian Union for Housing and Municipal Services had supplies on hand of 519,700 tonnes of coal and 182,800 tonnes of furnace fuel oil—0.8 and 8 percent greater, respectively, than was the case on 1 September 1991.

The seasonal filling of underground reservoirs with gas is taking place in somewhat better fashion than last year. Pumping volume by the Gazprom concern over this

period amounted to 24.7 billion cubic meters, 0.6 billion cubic meters (2 percent) more than for January-August of last year.

An increase over last year was seen in reserves of coking coal at enterprises of the metallurgy industry. These reserves comprise 1.5 million tonnes (sufficient for 12 days of operation, the norm being 6 days).

As of the beginning of September, coal enterprises had stores of 12.5 million tonnes of coal (the norm being 10.2 million tonnes), of which 9.8 million tonnes are already suitable for shipment. Here, stores of coal for coking comprised 1.9 million tonnes—151,000 tonnes more than the norm. The volume of coal loaded on board railroad cars and sited on loading platforms amounts to 956,000 tonnes.

At the same time, low rates of fuel reserve accumulation in the northern territories—where the heating season has already begun—provide cause for concern. Stores of coal for only 7 days of operation were on hand in boiler facilities of Novosibirsk Oblast; Krasnoyarsk Kray had an 11-day supply. A 7-day supply of furnace fuel oil was on hand in Kamchatka Oblast. Stores of coal at storage facilities of rayon (city) fuel sales administrations of the Russian Fuel Industry, for supplying the population and the social sphere, were 700,000 tonnes (18 percent) less than last year's level. The decrease was especially noticeable in the territories of the republics of Karachayevo-Cherkessia, Mari El, Komi, and Mordovia, where the coal supply constituted a 2- to 9-day reserve.

Prewinter operations in the housing and municipal services sphere are being accomplished slowly. As of the beginning of September this year, the level of readiness of available socialized housing was 79 percent of the target figure, 66 percent of central heating systems fallen into disrepair and 62 percent of decrepit plumbing systems were replaced, and 71 percent of boiler facilities were readied for operation.

An especially unsatisfactory situation is taking shape in the northern and eastern regions of the republic. With a 1 September deadline for completion of winter preparatory operations, not in a single one of 27 territories of these regions were housing and municipal facilities fully prepared. In the republics of Tuva and Karelia, and in Sakhalin, Tyumen, Chita, Novosibirsk, and Amur Oblasts, only 20-50 percent of the quotas established for housing availability were met. In Chita Oblast, only 15 percent of worn out heating systems were replaced. In Krasnoyarsk Kray and Novosibirsk Oblast the figure was 31 percent; in the Republic of Khakassia—43 percent, and in Sakhalinsk Oblast—46 percent.

Transgressions of the Law

Over eight months of this year, 1.8 million crimes were registered. This is 29 percent greater than for the same period of the previous year.

A growth in crime is being observed in all regions of the Russian Federation. The incidence of crime increased by a factor of 1.5-1.6, as compared with the same period of last year, in the city of St. Petersburg, in Leningrad, Novosibirsk, Kaliningrad, Tomsk, and Amur Oblasts, in Mordovia, and in the Karelian and Adygey Republics.

Over January-August of this year, 56,000 crimes against individuals were committed (48,700 in January-August 1991). There were 13,900 registered cases of murder (an increase of 28 percent). The greatest increase in murders was noted in the Republics of Karelia and Kalmykia, in Ivanovo, Kaluga, Murmansk, and Archangel Oblasts, and in the city of Moscow (by a factor of 1.6-1.7).

An intensification was seen in the mercenary orientation of crimes being committed. Theft of state and public property increased by a factor of 1.5, including a 2.2-fold increase in thefts from warehouses, depots, stores, and other trading centers, a 1.2-fold increase in thefts of railroad transportation freight, and a 1.4-fold increase in

thefts of personal property of citizens, including a 1.5-fold increase in apartment theft.

Over eight months of this year, 172,000 group crimes were registered (a 30-percent increase). Incidence of group crimes rose especially significantly in Tver, Smolensk, Kursk, Tomsk, and Vologda Oblasts (by a factor of 1.6-1.8).

Crimes committed by children are on the rise. There were 125,000 incidents of crimes committed by minors, or with the participation of minors, a growth of 19 percent.

Over the January-August period, 711,000 persons were identified by law enforcement organs as having committed crimes. This is 11,300 more than over the same period last year. Criminal charges have been brought against more than two-thirds of them.

Since the beginning of the year, organs of the Ministry of Internal Affairs sought 117,700 criminals and 47,300 missing persons. Here the January-August percentage of persons located was 58 and 66 percent, respectively.

Availability (Absence) of Products in Registered Cities As of 22 September

Product designation	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available
	in retail trade			in trade overall		
A	01	02	03	04	05	06
Beef, Category I	108	24	18.18	125	7	5.30
Pork	55	77	58.33	122	10	7.58
Meat patties (per 10)	33	99	75.00	33	99	75.00
Pelmeni [meat-filled dumplings], frozen	34	98	74.24	34	98	74.24
Boiled sausage, Grade I	118	14	10.61	118	14	10.61
Salami, Grade I	108	24	18.18	108	24	18.18
Live fish	27	105	79.55	33	99	75.00
Mackerel, quick-frozen, refrigerated, unsegmented	15	117	88.64	15	117	88.64
Fish filet (mackerel)	6	126	95.45	6	126	95.45
Smoked fish (mackerel)	26	106	80.30	26	106	80.30
Herring, salted and brined, ivasi	43	89	67.42	43	89	67.42
Butter	128	4	3.03	130	2	1.52
Vegetable oil	82	50	37.88	94	38	28.79
Melted pork fat	41	91	68.94	41	91	68.94
Table margarine	100	32	24.24	101	31	23.48
Pasteurized milk, 3.2-3.5 percent fat	128	4	3.03	130	2	1.52
Fatty kefir	107	25	18.94	107	25	18.94
Sour cream	122	10	7.58	127	5	3.79
Fatty cottage cheese	66	66	50.00	102	30	22.73
Low-fat cottage cheese	59	73	55.30	60	72	54.55

Availability (Absence) of Products in Registered Cities As of 22 September (Continued)

Product designation	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available
	in retail trade			in trade overall		
Dried cow's milk	57	75	56.82	57	75	56.82
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	109	23	17.42	109	23	17.42
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	58	74	56.06	58	74	56.06
Feta cheese	11	121	91.67	17	113	87.12
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	67	65	49.24	67	65	49.24
Canned fish, price per standard 350-gram can, salmon in tomato sauce	17	115	87.12	17	115	87.12
Canned tomato puree and paste	76	56	42.42	76	56	42.42
Canned fruit for children	50	82	62.12	50	82	62.12
Hen eggs (price per 10)	123	9	6.82	123	9	6.82
Granulated sugar	100	32	24.24	102	30	22.73
Ordinary pastry (of the variety Apelsinovoye, Privet, etc.)	101	31	23.48	101	31	23.48
Spice cake, bulk	93	39	29.55	93	39	29.55
Caramel lollipop	60	72	54.55	61	71	53.79
Bohea black tea, highest quality	93	39	29.55	93	39	29.55
Salt	120	12	9.09	120	12	9.09
Rye flour	10	122	92.42	10	122	92.42
Highest grade wheat flour	86	46	34.85	86	46	34.85
Rye bread	34	98	74.24	34	98	74.24
Rye-wheat bread	71	61	46.21	71	61	46.21
Wheat bread from entire-wheat flour	2	130	98.48	2	130	98.48
Wheat bread from highest grade flour	66	66	50.00	67	65	49.24
Wheat bread from Grades I and II flour	89	43	32.58	89	43	32.58
Rolls and buns from highest grade wheat flour, price per 500 grams	105	27	20.45	105	27	20.45
Rolls and buns from Grade I wheat flour, price per 500 grams	47	85	64.39	47	85	64.39
Rolls and buns from Grade II wheat flour, price per 500 grams	2	130	98.48	2	130	98.48
Dry crackers, Grade I wheat flour	79	53	40.15	79	53	40.15
Biscuits, Grade I wheat flour	69	63	47.73	69	63	47.73
Ground and polished rice	92	40	30.30	92	40	30.30
Semolina	79	53	40.15	80	52	39.39
Ground millet	51	81	61.36	51	81	61.36
Unground buckwheat	51	81	61.36	51	81	61.36

Availability (Absence) of Products in Registered Cities As of 22 September (Continued)

Product designation	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available	Number of cities where the product was available for sale at time of registration	Number of cities where the product was not available for sale at time of registration	Percentage of total number of cities where the product was not available
	in retail trade			in trade overall		
Gerkules oatmeal	35	97	73.48	35	97	73.48
Ground split peas	14	118	89.39	14	118	89.39
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest grade wheat flour	38	94	71.21	39	93	70.45
Macaroni, ordinary and choice, various styles of cut (long and short), made from Grade 1 wheat flour	10	122	92.42	10	122	92.42
Noodles, made from highest grade wheat flour	49	83	62.88	49	83	62.88
Vermicelli, made from highest grade wheat flour	99	33	25.00	99	33	25.00
Elbow macaroni, all varieties, from highest grade wheat flour	71	61	46.21	71	61	46.21
80-proof vodka, price per liter	117	15	11.36	119	13	9.85
Mayonnaise	59	73	55.30	59	73	55.30
Potatoes	120	12	9.09	129	3	2.27
Fresh green-head cabbage	113	19	14.39	123	9	6.82
Onion	109	23	17.42	121	11	8.33
Garlic	44	88	66.67	109	23	17.42
Red beets	112	20	15.15	121	11	8.33
Carrots	109	23	17.42	125	7	5.30
Apples	107	25	18.94	128	4	3.03
Tobacco products, price per pack of cigarettes	58	74	56.06	62	70	53.03
Tobacco products, price per pack of filter cigarettes	107	25	18.94	110	22	16.67
Matches	118	14	10.61	119	13	9.85

Average Prices of Food Products in the Russian Federation (Retail Trade)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Beef, Category 1	86.25	89.63	92.31	95.20
Pork	88.99	90.45	95.08	105.21
Meat patties (per 10)	64.74	60.07	66.06	72.94
Peimeni [meat-filled dumplings], frozen	63.16	67.26	69.36	68.33
Boiled sausage, Grade 1	137.31	136.63	142.78	148.33
Salami, Grade 1	202.27	205.96	212.16	222.53
Live fish	47.49	50.13	53.19	54.15
Mackerel, quick-frozen, refrigerated, unsegmented	42.64	44.17	45.94	46.41
Fish filet (mackerel)	54.40	48.00	67.74	67.46
Smoked fish (mackerel)	90.77	94.58	121.31	122.22

Average Prices of Food Products in the Russian Federation (Retail Trade) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Herring, salted and brined, ivasi	68.93	72.62	79.33	84.81
Butter	188.39	186.98	188.49	195.59
Vegetable oil	55.24	60.57	65.08	65.68
Melted pork fat	65.68	66.45	67.98	73.84
Table margarine	76.29	75.09	78.55	78.42
Pasteurized milk, 1.5-3.5 percent fat	9.72	10.05	10.02	10.25
Fatty kefir	10.69	11.35	11.29	11.58
Sour cream	54.88	56.98	59.52	59.56
Fatty cottage cheese	40.71	43.71	45.73	45.44
Low-fat cottage cheese	20.02	21.90	22.06	23.64
Dried cow's milk	90.82	90.58	90.79	96.80
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	151.35	150.60	156.03	161.26
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	115.72	118.60	129.14	131.38
Feta cheese	76.65	79.28	84.25	98.66
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	39.47	39.87	40.99	42.14
Canned fish, price per standard 350-gram can, salmon in tomato sauce	51.46	54.14	53.99	52.16
Canned tomato puree and paste	57.95	57.43	57.31	61.54
Canned fruit for children	57.43	57.93	62.16	60.56
Hen eggs (price per 10)	24.78	25.11	29.12	30.89
Granulated sugar	58.26	64.70	64.44	68.11
Ordinary pastry (of the variety Apelsinovo-ye, Privet, etc.)	69.20	73.17	80.40	85.00
Spice cake, bulk	58.88	60.81	62.73	66.31
Caramel lollipop	117.15	120.28	125.48	129.48
Bohea black tea, highest quality	290.74	284.98	323.98	373.47
Salt	5.93	6.08	6.10	6.74
Rye flour	9.67	10.12	11.53	9.95
Highest grade wheat flour	20.82	21.20	22.64	22.49
Rye bread	10.78	11.16	11.98	12.05
Rye-wheat bread	12.06	12.14	12.38	13.39
Wheat bread from entire-wheat flour	5.42	5.38	6.11	7.06
Wheat bread from highest grade flour	21.34	22.97	22.24	24.82
Wheat bread from Grades I and II flour	13.82	14.01	14.84	15.78
Rolls and buns from highest grade wheat flour, price per 500 grams	13.53	14.89	14.12	14.54
Rolls and buns from Grade I wheat flour, price per 500 grams	10.71	11.30	11.41	11.54
Rolls and buns from Grade II wheat flour, price per 500 grams	13.50	13.50	13.62	9.81
Dry crackers, Grade I wheat flour	39.59	41.77	44.24	45.10
Biscuits, Grade I wheat flour	50.36	54.70	56.93	61.39
Ground and polished rice	30.24	31.14	32.88	34.45

Average Prices of Food Products in the Russian Federation (Retail Trade) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Semolina	16.20	18.06	19.54	19.31
Ground millet	10.39	12.92	13.13	14.61
Unground buckwheat	30.13	55.35	55.25	58.60
Gerkules oatmeal	23.59	26.27	26.64	27.86
Ground split peas	11.38	11.30	14.21	13.53
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest grade wheat flour	37.21	38.40	43.31	44.06
Macaroni, ordinary and choice, various styles of cut (long and short), made from Grade 1 wheat flour	26.47	32.96	35.88	30.86
Noodles, made from highest grade wheat flour	29.81	29.23	30.05	34.56
Vermicelli, made from highest grade wheat flour	29.22	30.83	36.22	36.64
Elbow macaroni, all varieties, from highest grade wheat flour	27.97	28.21	29.90	33.73
80-proof vodka, price per liter	253.82	272.58	278.26	287.78
Mayonnaise	89.56	88.76	96.86	94.64
Potatoes	20.16	20.06	20.22	20.99
Fresh green-head cabbage	13.44	14.88	15.66	16.18
Onion	23.15	23.14	21.84	22.98
Garlic	104.91	119.23	122.75	129.41
Red beets	16.40	17.25	16.80	16.91
Carrots	18.82	18.63	19.10	21.27
Apples	35.67	34.75	36.89	38.12
Tobacco products, price per pack of cigarettes	11.49	14.70	16.88	19.32
Tobacco products, price per pack of filter cigarettes	25.47	33.25	39.55	48.13
Matches	1.21	1.21	1.28	1.37

Note: Product price is given per kilogram; meat patties and eggs—per 10; milk, kefir, and vodka—per liter; canned fish—per standard can; tobacco products and matches—per pack.

Average Prices of Food Products in the Russian Federation (City Market)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Beef, Category I	138.05	142.59	145.94	156.96
Pork	150.43	154.56	165.76	170.87
Peimeni (meat-filled dumplings), frozen				90.00
Boiled sausage, Grade I		130.00	150.00	160.00
Salami, Grade I	257.27	260.65	303.88	291.60
Live fish	49.24	50.94	50.43	54.68
Herring, salted and brined, (vasi)				
Butter	196.68	202.21	211.89	214.99
Vegetable oil	72.18	77.24	86.59	89.38
Melted pork fat	60.87	60.77	62.00	70.00

Average Prices of Food Products in the Russian Federation (City Market) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Table margarine	112.00	170.00	129.76	101.82
Pasteurized milk, 1.5-3.5 percent fat	16.00	15.66	15.93	18.42
Fatty kefir				
Sour cream	146.71	157.08	162.04	167.90
Fatty cottage cheese	66.46	72.04	65.41	69.77
Low-fat cottage cheese	32.31	29.35	27.27	32.97
Dried cow's milk	90.00	100.00	100.00	
Hard rennet cheese (of the varieties Poshek-honskiy, Rossiyskiy, Kostromskoy, Yaroslavl'skiy, Gollandskiy, etc.)	235.45	179.94	182.84	189.28
Feta cheese	92.08	97.83	96.89	108.94
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)			50.00	50.00
Canned fish, price per standard 350-gram can, salmon in tomato sauce		98.00	75.42	65.00
Canned tomato puree and paste		69.89		88.23
Hen eggs (price per 10)	29.81	29.62	39.38	32.39
Granulated sugar	72.88	73.29	72.35	88.51
Ordinary pastry (of the variety Apelsino-voye, Privet, etc.)	60.98	70.00	111.33	116.36
Spice cake, bulk	38.00	40.00	142.93	123.68
Caramel lollipop	144.42	171.15	171.74	167.21
Bohea black tea, highest quality	508.11	482.61	740.00	731.45
Salt				
Highest grade wheat flour	20.75	26.25	25.91	26.25
Wheat bread from highest grade flour	25.00	25.00	25.00	25.00
Dry crackers, Grade I wheat flour				
Ground and polished rice	30.88	30.00	48.94	38.64
Semolina	25.00	25.00	30.00	25.00
Ground millet	25.00			
Unground buckwheat	58.87	60.08	77.08	72.74
Gerkules oatmeal				45.00
Ground split peas				
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest grade wheat flour	62.42	62.50	68.33	72.44
Vermicelli, made from highest grade wheat flour	70.00	49.00	50.00	
Elbow macaroni, all varieties, from highest grade wheat flour	66.67	55.00		
80-proof vodka, price per liter	336.89	354.26	365.73	359.81
Mayonnaise	160.00	167.50	150.00	160.00
Potatoes	19.80	18.15	18.76	18.08
Fresh green-head cabbage	17.73	18.60	17.20	17.90
Onion	28.09	27.70	29.66	30.06
Garlic	102.75	110.80	125.83	137.46
Red beets	24.91	24.50	27.14	26.26

Average Prices of Food Products in the Russian Federation (City Market) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Carrots	25.86	24.13	26.71	24.60
Apples	36.80	33.44	32.75	36.49
Tobacco products, price per pack of cigarettes	17.13	18.85	21.97	25.73
Tobacco products, price per pack of filter cigarettes	45.87	53.75	59.06	65.50
Matches	1.68	2.06	1.96	2.20

Average Prices of Food Products in the Russian Federation (Retail Trade and City Market)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Beef, Category I	116.31	120.20	123.19	129.32
Pork	138.25	142.18	155.40	161.92
Meat patties (per 10)	64.74	60.07	66.06	72.94
Peimeni [meat-filled dumplings], frozen	63.16	67.26	69.36	68.37
Boiled sausage, Grade I	137.31	136.61	142.79	148.35
Salami, Grade I	203.66	207.55	214.90	224.28
Live fish	48.07	50.29	52.64	54.24
Mackerel, quick-frozen, refrigerated, unsegmented	42.64	44.17	45.94	46.41
Fish filet (mackerel)	54.40	48.00	67.74	67.46
Smoked fish (mackerel)	90.77	94.58	121.31	122.22
Herring, salted and brined, ivasi	68.93	72.62	79.33	84.81
Butter	188.70	187.69	189.73	196.60
Vegetable oil	57.79	63.90	67.96	69.56
Melted pork fat	65.51	66.22	67.71	73.72
Table margarine	76.36	75.16	78.70	78.55
Pasteurized milk, 1.5-3.5 percent fat	9.85	10.19	10.14	10.41
Fatty kefir	10.69	11.35	11.29	11.58
Sour cream	64.51	66.83	69.34	70.90
Fatty cottage cheese	47.80	53.16	51.62	53.22
Low-fat cottage cheese	20.23	22.02	22.16	23.83
Dried cow's milk	90.82	90.58	90.92	96.80
Hard rennet cheese (of the varieties Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc.)	152.53	151.27	156.42	161.72
Pasteurized processed cheese (of the varieties Druzhba, Volna, Yantar, Leto)	115.72	118.60	129.14	131.38
Feta cheese	82.33	88.48	87.48	105.23
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	39.47	39.87	41.08	42.20
Canned fish, price per standard 350-gram can, salmon in tomato sauce	51.46	54.64	55.14	52.98
Canned tomato puree and paste	57.53	57.84	57.31	61.83
Canned fruit for children	57.43	57.93	62.16	60.56
Hen eggs (price per 10)	25.02	25.34	29.85	31.07

Average Prices of Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Granulated sugar	58.56	64.91	64.49	68.51
Ordinary pastry (of the variety Apelsinovoye, Privet, etc.)	69.06	73.13	80.56	85.58
Spice cake, bulk	58.83	60.72	62.96	66.45
Caramel lollipop	117.80	123.74	126.78	131.15
Bohea black tea, highest quality	294.49	298.14	334.08	381.19
Salt	5.93	6.08	6.10	6.74
Rye flour	9.67	10.12	11.53	9.95
Highest grade wheat flour	20.82	21.37	22.73	22.56
Rye bread	10.78	11.16	11.98	12.05
Rye-wheat bread	12.06	12.14	12.38	13.39
Wheat bread from entire-wheat flour	5.42	5.38	6.11	7.06
Wheat bread from highest grade flour	21.35	22.98	22.24	24.82
Wheat bread from Grades I and II flour	13.82	14.01	14.84	15.78
Rolls and buns from highest grade wheat flour, price per 500 grams	13.53	14.89	14.12	14.54
Rolls and buns from Grade I wheat flour, price per 500 grams	10.71	11.30	11.41	11.54
Rolls and buns from Grade II wheat flour, price per 500 grams	13.50	13.50	13.62	9.81
Dry crackers, Grade I wheat flour	39.59	41.77	44.24	45.10
Biscuits, Grade I wheat flour	50.36	54.70	56.93	61.39
Ground and polished rice	30.25	31.11	32.97	34.59
Semolina	16.21	18.07	19.57	19.36
Ground millet	10.39	12.92	13.13	14.67
Unground buckwheat	50.38	55.62	55.43	58.76
Gerkules oatmeal	23.59	26.27	26.66	27.86
Ground split peas	11.38	11.30	14.21	13.53
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest grade wheat flour	37.35	38.71	43.93	44.48
Macaroni, ordinary and choice, various styles of cut (long and short), made from Grade I wheat flour	26.47	32.96	35.88	30.86
Noodles, made from highest grade wheat flour	29.81	29.23	30.05	34.56
Vermicelli, made from highest grade wheat flour	29.25	30.89	36.26	36.64
Elbow macaroni, all varieties, from highest grade wheat flour	28.05	28.21	30.01	33.73
80-proof vodka, price per liter	255.44	274.11	279.68	289.22
Mayonnaise	89.69	89.01	97.29	94.75
Potatoes	19.90	18.69	19.17	18.71
Fresh green-head cabbage	14.72	16.05	16.12	16.70
Onion	25.50	25.25	25.59	26.40
Garlic	103.00	112.23	125.27	135.60
Red beets	20.03	20.32	21.26	20.78
Carrots	23.25	21.75	23.42	23.04
Apples	36.60	33.66	33.60	36.85

Average Prices of Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Tobacco products, price per pack of cigarettes	12.57	15.48	17.62	20.06
Tobacco products, price per pack of filter cigarettes	28.94	35.86	41.87	49.97
Matches	1.23	1.23	1.30	1.39

Note: Product price is given per kilogram; meat patties and eggs—per 10; milk, kefir, and vodka—per liter; canned fish—per standard can; tobacco products and matches—per pack.

Average Prices of Nonfood Products in the Russian Federation

Representative product	9/1/92	9/8/92	9/15/92	9/22/92
A	01	02	03	04
Men's light overcoat, wool blend	3,383.38	3,648.52	3,844.08	4,069.13
Two-piece suit, wool blend	2,766.76	2,924.72	3,216.01	3,308.01
Men's trousers, wool-blend suit fabric	763.63	809.81	868.89	891.02
Men's shirt, cotton fabric	268.88	302.06	353.11	381.69
Women's light overcoat, wool blend	3,920.73	4,104.29	4,285.59	4,461.66
Women's dress, wool blend	799.89	846.21	916.70	969.72
Boys' jacket, with lining, synthetic fabric	999.87	1,158.24	1,311.03	1,573.77
Girls' dress, wool blend	309.28	305.42	347.86	354.90
Boys' shirt, flannel or fustian	98.54	100.33	107.48	113.23
Men's jumper (sweater), pure wool fabric	1,266.64	1,495.15	1,793.03	1,932.78
Children's T-shirt, cotton fabric	44.98	45.82	50.13	52.99
Women's pantyhose, elastic	83.93	94.05	102.66	108.24
Men's socks, cotton	38.64	41.36	45.70	48.19
Children's socks, cotton	17.80	18.87	20.70	21.99
Children's tights, cotton	64.21	64.40	69.54	70.77
Men's low shoe, fashion, natural leather sole	1,523.99	1,973.87	2,402.33	2,537.23
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	2,101.70	3,022.54	3,877.81	4,252.28
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation-leather rubber sole	1,548.83	1,820.72	2,279.10	2,316.54
Summer shoes for school-age girl, medium heel, porous rubber sole	343.68	408.96	420.48	418.02
Refrigerator, floor-standing, semi-automatic defrost (KSh-260)	20,541.86	21,947.54	22,523.82	22,870.22
Electric iron, automatic	692.10	743.07	765.83	807.32
Color television, non-portable (screen diagonal 61-cm.)	20,317.05	21,209.50	22,383.24	25,496.74
Gasoline	7.65	7.60	7.68	8.48
Coal	143.01	145.13	145.87	168.06
Firewood	65.22	65.47	66.22	76.01
Peat briquettes	113.08	117.08	117.08	143.96
Electric power for urban area	0.23	0.23	0.23	0.24
Electric power for rural area	0.15	0.15	0.15	0.16

Note: Prices are given per item, gasoline—per liter, coal—per tonne, firewood and peat briquettes—per cubic meter, electric power—per kilowatt-hour.

Centralized Heating System 'Unreliable,' 'Inefficient'

934A0253A Moscow MOSCOW NEWS in English
No 44, 1-8 Nov 92 p 11

[Article by Alexander Nekrasov, Deputy Director, Institute of National Economic Production, Russian Academy of Sciences: "Winter and Russia: A Cold Reunion"]

[Text] Living in the world's coldest country, we subsist in "holey" houses, which retain no heat and are supplied by "holey" heat pipelines, the service life of which are two to three times shorter than their life expectancy. We, being hostages to an unreliable system known as centralized heat supply, have been making alarming predictions about the coming winter: shall we survive it or shall we not?

One would like to believe that the reserves reported in the press—nearly 55 million tonnes of fuel piled up for the coming winter—will be enough, as the government said at its recent meeting. As much as 1.3 million tonnes more fuel has been stored than it was for the past winter, which doesn't sound bad at all. But such a reserve by no means solves the problem of dependable heat supply in winter.

The past six winters have been warm in Russia. Average temperatures during the heating season during these years were two to six degrees higher than the average had been for many years. Naturally, such being the case, it was possible to make do with a lesser amount of expendable fuel.

Weathermen cannot predict what the coming winter will be like for the entire heating period. Therefore, rational practice is geared not to the last year's heating season, but to the average temperature over many years, not forgetting that the weather may grow even colder. And if, in the coming winter, the temperature merely draws closer to the average for many years (and, according to the data of the Russian Hydrometeorological Center, steady cold spells may be expected beginning in mid-October, and the winter will be harsh), there will be, in comparison with last winter, a need to have at least an additional 10-15 million tonnes, i.e., 20-25 percent more than what has already been stockpiled. And if, God forbid, it "sweeps off the scale," as happened in some winters, then there will be a need for an additional 50 million tonnes.

The aggregate reserve of fuel, though a major reference point, does not reflect the situation in the localities. Tatarstan will not have enough fuel for the winter, the Kamchatka authorities are preparing to resettle people from freezing houses, and there is little fuel in the boiler rooms of the Novosibirsk Region and the Krasnoyarsk Territory.

Hostages to the system. According to official statements by government spokesmen, the centralized heat-supply system has been adequately prepared for the winter

compared to previous years. There is a hope that there will be no serious breakdowns when the temperature in the houses has dropped for a long time below the norm, as has happened in the past in Moscow, Khabarovsk, Bisk and many other cities. True, it is unclear what these statements refer to. Are they about the heating systems coming under the jurisdiction of the Ministry of Fuel and the Power Industry—this is one-tenth of the national total—where the situation is relatively favorable? Or about Russia's entire heat-supply system, which is in the hands of an enormous number of different departments.

On the average, the fault rate has reached one accident per kilometer of heat pipeline per year, and for small-diameter pipes supplying heat directly into houses, it is several times higher. Moreover, 40 to 50 percent of all accidents regularly occur during the heating period. On the other hand, accidents on maximum-diameter heat pipelines, providing heat for 250,000-350,000 people at once, may turn into a local ecological catastrophe when the time it takes homes to reach zero degrees happens to be shorter than the time needed to fix the pipeline. Over three-fourths of Russia's population gets its heat from centralized heat-supply systems on the basis of power-and-heating plants and from large boiler houses, and lives in dread of such breakdowns during the winter.

Every year the maintenance staff "patch up" the more dangerous sections of heat pipelines, but the fault rate does not diminish, due to the unrepairable corrosion of pipelines. For its part, the deflection of resources to large-scale repair works tends to arrest the development of gas-distributing networks and water conduits in the countryside, which require pipes of the same hard-to-find ranges.

Nobody knows the true scope of the losses of heat. Estimates vary from three to five percent in the networks of the Ministry of Fuel and the Power Industry, where a definite accounting system has been organized, to 20 percent on the average for all heat pipelines. This wastefulness has to be paid for by the consumers, who have no heat flow meters, and pay their money for supplied heat minus "normative" losses.

With unusual perseverance, the country has continued adhering to basically one technical solution—centralized heat supply, which has sufficiently discredited itself due to its unreliability and inefficiency. But the effectiveness of this method is still being proclaimed to the exclusion of others. This despite the fact that the losses of fuel exceed by more than twofold the yearly savings achieved by dint of power and heat supply.

Today, hundreds of Russia's cities are 10 to 20 percent short of heat-generating capacity, and this shortage cannot be remedied for several years, regardless of the amount of effort. During warm winters, this is not such a big problem. But if there are lasting cold spells, there will be no other recourse but to lower the temperature in flats. In this case, electric and gas stoves will be turned on to full capacity, and electric heaters will be used. This

most costly and wasteful means of heating, which the population is forced to use, has become one of the reasons for limiting the supply of power to other consumers.

The situation which we have found ourselves in is explained simply enough. The system of earmarking centralized budgetary resources, which existed in the USSR, provided for investments in large-scale projects such as power-and-heating plants and large boiler houses with heat pipelines. If the capacity of a heat source was small, it had to be built on account of meager local budgets. It is clear that the scale was always tipped in favor of centralizing the heat supply.

But there were other reasons, too. The absence of economical and "ecological" low-powered boilers, the high labor intensity of servicing the existing ones, and the powerful lobby in favor of power-and-heat generation tended to produce what was in effect an alternative-free, hypertrophied centralized heat supply.

The non-users of centralized heat supply, however, have found themselves in an even graver predicament than the inhabitants of big cities. Nearly one out of every four inhabitants of Russia is not covered by the networks of centralization and has to provide himself with heat on his own. As a rule, he lives in his own house in the countryside or the suburbs. The heating devices used here are imperfect and wasteful, but there are no others for the time being. The countryside's supply of domestic fuel is at a level of 50 to 60 percent. The shortage of fuel is, as a rule, compensated in three ways: official self-procurements (seven-ten million tonnes a year), heating merely part of the house, and theft.

Social inequality in the two sectors of heat supply has now been complemented by mounting pressure on the budget of families living in their own homes. Ever since the late 1920s, the inhabitants of urban dwelling houses have paid small tariffs for centralized heat. When the cost of fuel and power was incredibly low, the difference was hardly perceptible. Not so now.

Prior to the September rise in the prices of power resources, Muscovites paid eight rubles per kilocalorie of heat, whereas the cost of heat at the Moscow power-generating system was in the order of 250 rubles. The difference was compensated by various subsidies. Private home owners, however, have no subsidies to boast about. The rise in the retail prices of coal, firewood, peat bricks, delivery, loading-unloading, etc., has had the result that spending per kilocalorie of heat for private home dwellers is now 10 to 15 times more than the payment for heat by other Muscovites. And this gap is widening all the time.

Heat supply remains the most uncoordinated sector in the fuel-and-energy complex. The problem is not only the lack of coordination, but also the absence of a single policy in this sphere. The question of the supply of heat was not even examined in the economic policy concept

recently adopted by the government, whereas the reliance on centralized heat supply has been preserved. Such a position is not curing the disease, but making it worse.

On the other hand, the heat-supply problem has a special social aspect. Whereas famine can be anticipated even before the crop has been harvested, and thus there is time for various measures—redistribution of reserves, purchases of foodstuffs, and, lastly, international relief—cold is less predictable. Cold cannot be avoided, it can only be resisted.

Today, on the eve of the winter, there is a need for effective solutions: a practice drill with fuel and heat-generating equipment; the provision of stocks of pipes, reinforcements and materials for repairing heat pipelines in accident-prone regions; plans for the evacuation and temporary accommodation of the population in the case of accidents of varying gravity; the creation of a fleet of mobile boiler rooms, on the basis of existing projects for the conversion of defense industry enterprises.

But in fact all this amounts to the same "patching up of holes," to which we, without a strategy for developing a reliable heat supply, will be doomed—in the world's coldest country.

Emigration Patterns in Former USSR Profiled

934C0362A Moscow ROSSIYSKIYE VESTI in Russian
18 Nov 92 p 2

[Article by Vladimir Trekhov: "Hello, Russia, and Good-bye!"]

[Text] The change of migratory refugee flows into emigration ones is one of today's results. Refugees, who have become disillusioned with the state's capability to protect their interests and who have lost faith in their ability to normalize their lives in this country, are being forced to leave it. Emigration from the former Union had already taken on an avalanche nature at the end of the Eighties. Statistics testify to this: During all the postwar years, i.e., over 45 years, approximately 2.5 million people left the country; however, about a million people, or 38 percent of the total outflow, left during 1987-1990. The outflow sharply increased annually starting in 1986. According to USSR MVD [Ministry of Internal Affairs] data, a total of 4,000 people left the USSR to go abroad during 1986. In 1987, 29,000 left, in 1988—75,000, in 1989—235,000, and 700,000 citizens left the country in 1990. The outflow doubled in 1991. According to some forecasts, up to 7 million people, among whom will be at least 1.5 million specialists and 1.5 million skilled workers, could leave the CIS countries for permanent residence in foreign countries during the next 10 years. According to other estimates, approximately 2 million people waited for the Law on Entry and Departure in order to begin work abroad and 5-6 million are inwardly prepared for such a step.

Refugees form a definite part in the flow of emigrants because their most skilled part (18 percent of those

surveyed in the country's different rayons) are oriented toward migration abroad. A sharp increase in the extent of the population's emigration was noted at the end of the Eighties in Russia just as in other republics of the former Union; the annual outflow abroad more than doubled. The majority of the emigrants (approximately 40 percent) are inhabitants of Moscow, St Petersburg and Moscow and Leningrad Oblast; eight percent are from Omsk Oblast, six percent from the Altay Kray, and five percent from Orenburg Oblast. The dynamics of the emigration from Russia, however, testify to the development of a qualitatively new item. For the first time since 1987 (when a rapid growth in those going abroad for permanent residence was registered), an absolute and relative decrease in the extent of emigration was noted in the republic in 1991.

Nevertheless, the potential for emigration from the Russian Federation still remains very high, especially in Moscow, St Petersburg and the very large industrial and cultural centers. According to various estimates, it consists of from one to several million people. That is why the coming into full effect of the Law on Entry and Departure in 1993 can cause the next splash in the emigration flow in the near future (1993-1994).

In the near future, however, a multifold increase in emigration is hardly possible since the real extent of the departures will depend not only on the number of people in Russia trying to go abroad but also on the immigration capacity of the receiving countries whose capabilities are limited. Reasons of a purely "technical" nature: the high cost of the passage, the need for its partial payment in hard currency and the insufficient capacity of visa and customs services, will also play a definite role in restraining the flow of emigrants. In addition, a trend to return to the motherland is extremely likely, especially among emigrants of past years, primarily those who selected Israel as their destination country.

The impact of the emigration of our compatriots on the labor market will be most appreciable in individual regions from which a massive departure is possible (for example, with the massive emigration of ethnic Germans from the places where they are living close together).

During the build-up of the third emigration wave from the former Union's republics, some states changed their tactics for accepting immigrants, toughening their qualitative selection. That is why the emigration of the population is—for Russia—primarily the loss of highly skilled specialists and its intellectual and creative potential; this means a selection process for society and its labor potential. According to data from the Russian Academy of Sciences ISEPN [not further identified], basically people of working age (more than half of the emigrants are 25-49 years old), skilled workers (four out

of five city-dwellers have a higher or secondary specialized education) and energetic people with a desire to work (more than two-thirds intend to work abroad for hire or to have their own business—become a businessman) are leaving.

The intellectual emigration from Russia, which is especially undesirable during a crisis period, is a special problem. Forty percent of those going to Israel are engineers, architects, scientists, and medical personnel. According to data from an investigation by the Russian Academy of Sciences ISEPN, approximately 60 percent of those leaving Moscow are specialists; of them, every tenth one has a candidate or doctor of science degree. The potential readiness for leaving among highly skilled professionals is higher than among other workers. According to the estimates of sociologists, every fifth specialists and every fourth VUZ [higher educational institution] graduate could leave the republics of the former Union to go abroad during the nineties if they are offered a job abroad. The extent of this emigration is estimated at 200,000-250,000 people—this is almost a third of the annual VUZ output. Of them, highly rated experts are 25-30 percent of all those leaving (60,000-80,000 people) and approximately 20,000-30,000 people are specialists with a first-class name whose loss would have long-term consequences for Russia. As was already said, it is expected that approximately 1.5 million highly skilled professionals will leave the country by the year 2000. Thus, the two most acute migratory problems—refugees and emigrants—are coming together since a considerable part of the refugees are potential emigrants. One must consider this circumstance when developing a modern migration policy. Implementing the recommendations of the non-governmental coordination council, which was established in April 1992, can contribute to the solution of these problems.

The council thinks that, in order to prevent the catastrophe connected with the increasing streams of refugees and forced migrants, it is necessary to: establish diplomatic relations between all states of the former USSR; include migration service representatives on the staffs of embassies and consulates; establish an international service, similar to the International Organization for Migration, on a par with the other CIS states; define the status of dual citizenship and bilingualism, preserving the Russian language as a second state one; accept the CIS countries in the International Organization for Migration and the office of the UN High Commissioner for Refugees; provide moral, material and organizational help to Russian and Russian-speaking communities in establishing cultural and educational centers and similar centers for other peoples in Russia; and take political, legal and financial steps to overcome the forced migration of representatives of national minorities and the Russian-speaking population.

Statute on Payment for Mineral Extraction Rights**Decree on Implementation**

935D0089A Moscow ROSSIYSKAYA GAZETA
in Russian 6 Nov 92 p 4

[Decree No 828 of the Government of the Russian Federation on Approval of the Statute on the Procedure and Conditions for Collecting Payments for the Right to Use Mineral Resources, the Water Area and Sections of the Sea Bottom, 28 October 1992, Moscow]

[Text] In fulfillment of the Russian Federation Law on Mineral Resources, the Government of the Russian Federation decrees that:

1. The accompanying Statute on the Procedure and Conditions for Collecting Payments for the Right to Use Mineral Resources, the Water Area and Sections of the Sea Bottom is approved.
2. The Russian Federation Ministry of Finance and the Russian Federal Tax Service, jointly with the Russian Federation Ministry of Economics, the Russian Federation Committee for Geology and the Use of Mineral Resources, the Russian Federation Ministry of Fuel and Power Engineering, the Russian Federation Committee for Metallurgy and the Russian Federal Service for Supervision of Safe Working Practices in Industry and for Mine Supervision, within a period of 1 month, shall draft and approve instructions on the procedure and time frames for submitting to the budget the payment for the right to use mineral resources.
3. It is established that the temporary minimum rates of payments for the right to use mineral resources, which were approved by Decree No 478 of the Government of the Russian Federation of 9 July, 1992, shall remain in effect until there is a determination made for each exploitable deposit of specific amounts of regular payments for the right to use mineral resources in conformity with the Statute on the Procedure for Licensing the Use of Mineral Resources which was approved by the Supreme Soviet of the Russian Federation on 15 July, 1992.

[signed] Ye. Gaydar.

Text of Statute

935D0089B Moscow ROSSIYSKAYA GAZETA
in Russian 6 Nov 92 p 4

[Text of "Statute on the Procedure and Conditions for Collecting Payments for the Right To Use Mineral Resources, the Water Area and Sections of the Sea Bottom"]

[Text]

1. This statute has been drawn up in conformity with the Russian Federation Law on Mineral Resources and establishes the procedure and conditions for collecting payments for the right to use mineral resources, the

water area and sections of the sea bottom, as well as the criteria for determining the rates for these payments.

In addition to payments for the right to use mineral resources, the water area and sections of the sea bottom, the Russian Federation Law on Mineral Resources has made provision for deductions for the reproduction of the mineral and raw materials base, duties for the issuance of licences and excise duties and the amounts, procedure and conditions for their collection, which are defined by the appropriate standard documents.

Payments for the right to use mineral resources shall include payments for the right to explore for mineral deposits, to prospect for them and to develop them, as well as payments for the right to construct and operate underground structures not associated with the extraction of minerals.

Payments for the right to use mineral resources, the water area and sections of the sea bottom shall be collected from all users of mineral resources.

Exemption from these payments shall be made in conformity with Article 40 of the Russian Federation Law on Mineral Resources.

2. Payment for the right to use mineral resources may be collected in the form of cash payments or part of the output of extracted mineral raw material or other products produced by the user, the performance of operations or the rendering of services, or the crediting of sums for impending payments to the republic budget of the Russian Federation, to the budgets of a republic, kray, oblast, autonomous formation, rayon, or city, which are part of the Russian Federation, as a proportional contribution to the charter fund of the established mining enterprise. The form of payment submission, the amounts and the conditions for payments for each item of licensing shall be established in the license.

3. Payments for the right to explore for and to evaluate mineral deposits shall be collected in the form of regular payments over the course of the entire period of their implementation. The conditions for collecting the payments shall depend on the contract (estimated) cost of the indicated operations, the duration of their performance and the area of the territory allocated to the mineral resource user.

The minimum value of the rate of payment for the right to explore for and to evaluate mineral deposits shall amount to 1 percent of the contract (estimated) cost of the indicated operations and the maximum shall amount to 2 percent. The specific amount of the payments shall depend on the type of mineral and the economic and geographic conditions of the region and shall be determined based on the results of competitive bids or auctions by the organs which grant the license for the right to conduct the indicated operations.

Given the areal nature of the mineral deposit exploration and evaluation operations, the amount of the payment

for the right to conduct them shall be determined in relation to the specific payments for a square kilometer of area per year. The specific payments for 1 square kilometer of area per year shall be calculated by dividing the rate of payment (1-2 percent of the overall cost of the operations) by the area of the allocated territory and the period of operation in years. Upon the reversion of part of the explored area by the mineral resource user, he shall be exempted from further payment for it.

4. The conditions for collecting the payments for the right to prospect for mineral deposits shall be the same as for the right to explore. The minimum value of the rate of payment for the right to prospect shall amount to 3 percent of the annual estimated cost of the operations and the maximum shall amount to 5 percent. The specific amount of the payment shall be determined by the organs which grant the license based on competitions or auctions.

5. When there is an extension of the period of use of the mineral resources in order to complete exploratory and prospecting operations, the amount of previously established payments shall be increased by a factor of 1.5.

After the completion of exploratory and prospecting operations, the amount of the payments shall be adjusted, taking into account their actual cost.

Payments for the right to prospect for minerals within the bounds of a mining claim granted to a user for the extraction of this mineral shall not be collected.

All payments for the right to explore and prospect for mineral deposits shall go into the budgets of the rayons of the cities on whose territory the use of the mineral resources is exercised. They shall be included in the costs of the exploratory or prospecting operations.

6. For the incidental extraction of minerals carried out while exploring or searching for them, regular payments shall be collected in the same amounts as for payments for the right to extract the corresponding minerals.

7. Payments for the right to extract minerals shall be implemented in the form of a single payment, as well as subsequent regular payments from the start of extraction over the course of the entire period of validity of the license.

The initial amounts of single payments for the right to extract minerals shall be determined by the Russian Federation Committee for Geology and the Use of Mineral Resources or its territorial subdivisions in agreement with the Russian Federation Ministry of Economics. At the same time, their values should not be less than 10 percent of the value of the regular payment calculated for the average annual planned capacity of the extractive enterprise. The final sum of a single payment shall be determined based on the results of competitive bidding or an auction.

8. When a combined license is granted based on the conditions of entrepreneurial risk and includes exploration, prospecting and the extraction of minerals, the payments shall be implemented in the form of a single payment upon the issuance of the license, the amount of which shall be determined through competitive bidding or an auction, as well as subsequent regular payments separately for the right to conduct each type of operation.

9. Operating mining enterprises which have used mineral resources prior to the implementation of this statute shall not make single payments for the right to extract minerals.

10. Maximum levels for the regular payments, in accordance with the appendix, shall be imposed as a condition for the collection of the payments for the right to extract minerals.

The regular payments shall be determined as a portion of the value of the extracted mineral raw material, taking into account the standard losses of minerals in mineral resources and shall be included in the production cost of its extraction. At the same time, the value of the extracted mineral raw material shall be calculated based on the prices for the realization of marketable products from it without regard for the value-added tax.

The specific amounts of the regular payments shall be determined for each deposit taking into account the type of mineral, the amount and quality of reserves, the natural, geographic and mine engineering conditions, the estimation of the risk of the mineral resource user and the profitability of developing the deposit, and shall be established by the organs which grant licenses based on the results of competitive bids or auctions.

The amount of the payments for above-normal losses during the extraction of minerals shall be increased by a factor of 2. Payments for above-normal losses shall be made once a year based on the results of a calculation using a surveyor's measurement of the exhausted reserves in the mineral resources and of a determination of the amounts of above-normal losses and shall be implemented by means of the profit remaining at the disposal of the mineral resource user.

11. The mineral raw material for which payments shall be made shall include all the types of minerals indicated in the license.

Included as part of the payment for the right to use mineral resources during the extraction of individual minerals may be the cost of treated underground waters extracted from the mineral resources or waters not extracted from the mineral resources but which have worsened its quality during the extraction of minerals.

12. In the event of the sale by the mineral resource user of part of the mineral raw material or the products of its industrial reprocessing by bartering or for export shipments, also included in the overall value of the mineral raw material in order to determine the amount of the

payments shall be the value of the export shipments in foreign currency or in rubles (for a ruble zone) and the value of the raw material based on a direct exchange, estimated based on the market rate for a similar raw material or products of its reprocessing at the time of their sale.

13. When there is a sale of marketable products of a higher degree of industrial reprocessing of the mineral raw material, the amount of the payments shall be adjusted using a scaling factor determined by the relation of the production cost of the extracted minerals to the production cost of the realized products of their reprocessing.

14. The amounts of the payments for the right to use mineral resources during the mining of deposits of commonly used minerals and mineral water shall be established by the republics, krais, oblasts and autonomous formations which are part of the Russian Federation. The list of commonly used minerals with respect to the individual regions shall be defined by the Russian Federation Committee for Geology and the Use of Mineral Resources jointly with the republics, krais, oblasts and autonomous formations which are part of the Russian Federation.

15. Payments for the right to use the by-products of the mining and reprocessing industries shall be established by an independent license in the amount of 25-50 percent of the payments for the right to extract the corresponding minerals.

16. An allowance for depletion of mineral resources may be granted to a mineral resource user who carries out the extraction of a scarce mineral when there is low economic efficiency in the mining of a deposit, as well the extraction of a mineral from residual reserves of reduced quality, with the exception of instances of a deterioration of the reserves of a mineral as a result of the selective working of a deposit. A decision about establishing an allowance for the depletion of mineral resources shall be made by the organs which issue the license for the right to use mineral resources after examination of the geological, technical and economic grounds submitted by the mineral resource user.

17. The payments for the right to extract hydrocarbon raw material (oil, gas condensate and natural gas) shall be distributed using the following procedure:

—the budget of a rayon or city—30 percent;

—the budget of a republic, kray, oblast or autonomous formation which is part of the Russian Federation—30 percent;

—the republic budget of the Russian Federation—40 percent.

Payments for the right to extract other minerals, other than commonly used ones, shall be distributed using the following procedure:

—the budget of a rayon or city—50 percent;

—the budget of a republic, kray, oblast or autonomous formation which is part of the Russian Federation—25 percent;

—the republic budget of the Russian Federation—25 percent.

A single payment upon the granting of a combined license, which includes exploration, prospecting and the extraction of minerals, shall be distributed using the same procedure as for a payment for the right to extract the corresponding mineral.

All payments for the right to extract commonly used minerals shall go to the budgets of the rayons and cities. When there is extraction of minerals on the territory of an autonomous okrug which is part of a kray or oblast, the payments for the extraction right shall go into the budget of the kray or oblast by means of half of the corresponding payments to the republic budget of the Russian Federation.

The distribution of payments for the right to extract minerals from unique deposits or groups of deposits among the budgets of the various levels may be established in other proportions. The proportions shall be established by an agreement of all the interested parties. In disputable instances, a decision on this matter shall be made by the Supreme Soviet of the Russian Federation in conformity with the Russian Federation Law on Mineral Resources.

18. Payments for the right to use mineral resources of the continental shelf and the maritime exclusive economic zone shall be made using the procedure and based on the conditions established by this statute for mineral deposits located on dry land.

Payments for the use of the water area and sections of the sea bottom shall be established in relation to the leased area, its configuration, the depth of the water, the purposes of the use of the mineral resources and the productivity of the water area, as well as taking into account the presence of navigational routes, communications and industrial structures in the region of the operations.

The specific amounts of the payments shall be established in accordance with the lists compiled on the basis of the zoning of the continental shelf and the maritime exclusive economic zone based on geographic, economic and ecological parameters, taking into account the operating conditions in special concern zones (regions with a natural medium necessary for the vital activities of unique flora and fauna; regions which require protection of the coastal lands; and regions subject to storms, ravages and erosion). The amount of the payments shall be established by the organs which grant the license for the use of the specific water area and sections of the sea bottom, in agreement with the state environmental protection organ and other appropriate organs.

The payments for the right to use the mineral resources of the continental shelf within the bounds of a territorial sea shall be distributed using the following procedure:

- the budget of a republic, kray, oblast or autonomous formation which is part of the Russian Federation—60 percent;
- the republic budget of the Russian Federation—40 percent

Payments for the right to use mineral resources within the limits of the maritime exclusive economic zone shall go into the republic budget of the Russian Federation.

19. Payments for the right to use mineral resources for the construction and operation of underground structures not associated with the extraction of minerals shall be collected in the form of single payments and (or) regular payments. The amount of these payments shall be determined within the limits of 1-3 percent of the estimated cost of the project and the value of services rendered during its operation. The specific amounts of these payments shall be determined by the organs which issue the license in relation to the size of the section of the mineral resources placed into use, the useful properties of the mineral resources and the degree of ecological danger during their use. The payments shall be included in the production cost of the structures.

The indicated payments shall go into the budgets of the rayons (cities) where the corresponding sections of mineral resources are located.

Maximum Levels of Regular Payments for the Right To Extract Minerals

	Levels of Payments in Percentages of the Value of the Extracted Mineral Raw Material
Oil, Condensate and Natural Gas	6-16
Coal, Oil Shales and Peat	3-6
Ferrous Metals (Iron, Manganese, Chromium and Vanadium)	1-5
Nonferrous and Rare Metals (Copper, Lead, Zinc, Tin, Nickel, Cobalt, Molybdenum, Mercury, Antimony, Bismuth, Cadmium, Aluminum, Strontium, Titanium, Zirconium, Lithium, Tungsten, Tantalum, Niobium [Columbium], and others)	2-6
Trace Elements	4-8
Precious Metals (Gold, Platinoids and Silver)	4-10
Diamonds and Precious Stones	4-8
Chromatic Stones (Gemstones) and Piezo-optic Raw Material	4-8
Radioactive Raw Material	2-6
Mineral Chemical Raw Material (Apatite, Phosphorite, Sodium Chloride, Potash Salts, Magnesium Halite Salts, Borates, Sodium Sulfate, Native Sulfur and Sulfur in Oil and Gas Fields and in Pyrite and Complex Ore Deposits, Barite, Carbonate Raw Material for the Chemical Industry, Iodine, Bromine, Brines and others) and Thermal Waters	1-5
Ore-Mining Raw Material and Non-Ore Raw Material for Metallurgy (Chrysotile Asbestos and Asbestos for Special Articles, Graphite, Magnesite, Brucite, Dunites, Dolomites, Fluxing Limestones, Bentonite Clay, Molding Clay, Infusible Clay and Refractory Clay, Kaolins, Quartz and Quartzites, Quartzitic Raw Material, Quartz-Feldspar Raw Material, Silicon Raw Material, Vitreous Raw Material, Talc, Talcstone and Pyrophyllites, Rock Crystal, Quartz for Smelting, Zeolites, Fluorspar, Potash Mica, Phlogopite and Vermiculite, Asphaltite, Bitumens and Bituminous Rocks, Ozocerite, Mineral Pigments, Abrasives, and others)	2-5
Underground Fresh Waters	2-8
Non-Ore Building Materials (Cement Raw Material, Gypsum and Anhydrite, Chalk, Facing Stones, Filing Stones, Quarry Stones and Crushed Stones, Construction Sands, Sand and Gravel Mixture, Rubble, Gravel, Perlite and Keramzitic Raw Material, Brick Clays and other Non-Ore Building Materials)	2-4

Mining, Metallurgy Industry Trade Union's Misnik Interviewed

934A0282A Moscow, NEZAVISIMAYA GAZETA in Russian 12 Nov 92 p 2

[Interview with Boris G. Misnik, chairman of the Mining and Metallurgy Industry Workers Trade Union, by Valentin Goshchinskiy, under the rubric "Trade Unions": "We Cannot Look at Whether This Government Is Good or Bad, Believes the Chairman of the Mining and Metallurgy Industry Workers Trade Union"; date and place not given]

[Text] The administration of the Central Council of the metallurgists' trade union sent a letter to NEZAVISIMAYA GAZETA, in which it declared its disagreement with the account in the newspaper of 27 October 1992 of the events associated with the withdrawal of the metallurgists' trade union from the FNPR [Federation of Independent Russian Trade Unions] and the trade union's non-participation in the "action of 24 October."

However, the FNPR's press service disseminated an official report, in which mention is made of the fact that, despite the decision of the trade union's leadership not

to support the FNPR's decision about holding demonstrations and meetings on 24 October, the majority of the industrial trade union organizations locally supported the FNPR's demands and took part in all the collective actions.

"Their participants," it was stated in the FNPR's statement, "condemned the dissident activities of the leadership of the Mining and Metallurgy Industry Workers Trade Union's Central Council in the person of B.G. Misnik and deemed as inappropriate the trade union's withdrawal from the FNPR."

We are publishing below an interview with the chairman of the Mining and Metallurgy Industry Workers Trade Union, Boris Misnik.

[Goshchinskiy] What are the priorities of trade union work in industry today?

[Misnik] The transition to an economic system based on market relations has proved to be somewhat more painful than was assumed in government structures and this is why industry's workers are expressing well-founded dissatisfaction with the course of economic reform. And the state program of preventive measures for social protection has turned out to be an unsatisfactory decline in living standards.

It is difficult to imagine from where it is possible to obtain the means for social needs, if there is a constant decline within the country in the volume of industrial production, including in ferrous and nonferrous metallurgy and in the gold-extraction industry. For this reason, we are drawing up our own priorities on the basis of an analysis of the situation in the industry. Today, for example, our concern is the protection and strengthening of an industrial minimum wage and the struggle to have its industrial nature reflected as part of the expenditures chargeable to the production cost of the products. On the other hand, in connection with privatization and the beginning of structural reorganization in the industry, we are obliged to see the most reliable picture of employment at all levels.

[Goshchinskiy] What are the methods of your work?

[Misnik] At the plenum which took place in October in Moscow, preventive measures for the social protection of the industry's workers were defined. Among them were proposals for ensuring the rights and social guarantees of the metallurgists, the miners and the diamond and gold extractors in the areas of wages, labor safety and pensions, and so on. We are meeting with government leaders and statesmen on the problems, for example, of privatization and tariff agreements and on matters of the extension of credit for working capital, social insurance and other items. The matters raised by the trade unions of Chelyabinsk Oblast, Magadan and Chukotka were decided in the Supreme Soviet.

We are working on the regulation of social and labor relations in the Russian Trilateral Commission, where

the government, the employers and the trade unions are represented. And, of course, we consider the concluding of general and sectorial tariff agreements to be a necessary condition for the stabilization of society.

It is true that we have to listen to reproaches directed at us for the fact that the leadership of our trade union frequently, you see, meets with the government leaders. Strange as it is, this is what is being talked about by the leaders of the trade union association, who first advance and then retract the slogan: "The Government should resign." At the same time, they frequently say that the government is temporary and it is impossible to deal with it. Our position is very clear. We are not looking at whether this government is good for the politicians or bad. We are proceeding from the realities—the government simply is. Thus, it is necessary to strive for the trade union's basic goals through the government. Who can say how many temporary governments there will be after it? Is it really necessary to sit idly by for months or years and to await the beginning of active trade union activities only in the event of the advent of a government which suits everyone? Who needs that kind of trade union? Our press wrote about how, in Italy, over a period of a number of years, the government was changed every 3 months. All the same, the trade unions continued to go about their business.

[Goshchinskiy] What do you think about other types of struggle? Meetings and strikes?

[Misnik] These are extreme measures, especially a strike. I believe that negotiations and persistent, well-reasoned demands can yield more. I do not want to talk about the consequences of a strike in our devastated country. These are well known. Just at our Fifth Plenum, demands were put forward for the establishment of conditions for the people's productive labor, since only a rise in production will yield the opportunity for the social protection of the workers.

As far as meetings go, the FNPR called for protest meetings and demonstrations to be held on 24 October. We communicated with the oblast committees and the trade union committees, went out into the regions, held a Russia-wide select conference of metallurgists and said that, if the workers of an enterprise are prepared to go out onto the street with something specific, then let them go, but, if they do not know or do not feel that the time has come, then it is not necessary to do this on a command from above, since the reverse effect is obtained.

I believe that the most correct thing in this instance is that the initiative come from below. Then the trade unions are obliged to take the lead and the action can produce real results.

[Goshchinskiy] But is there not in your statements a contradiction in connection with the decision adopted in October at the plenum about the withdrawal from the FNPR? It is for this reason that various false rumors have popped up, including even accusations of a split.

[Misnik] I want to say right off, that the withdrawal is not a split. Everything has been done according to the FNPR charter. The FNPR was conceived as a Federation of Independent Russian Trade Unions. We even joined it. However, in due course, it became clear that the actions of the federation's leaders left no possibility for the sovereignty and independence of the member organizations. All our efforts to change the position of the FNPR leadership failed.

The industry simply got lost in the bureaucratic, dictate-minded swirl of an imperious trade union structure. The methods of leadership without regard for the opinion and consent of the industrial trade unions are the federation's principles. As a result, serious errors have been committed in working with the Supreme Soviet and the government.

But, as I said, the attempts of the trade union's Central Council and other industrial trade unions to achieve a reformation of the FNPR or at least the slightest movement toward meeting them halfway did not have any positive results. This is precisely why, after lengthy discussions within the trade union organizations at all levels at the Third and Fourth Central Council Plenums, it was only the Fifth Plenum which made this decision.

However, it was emphasized at the plenum that subsequent work would be carried out on an agreement basis. Our trade union will also cooperate with the trade unions of the basic sectors within the framework of the established association [assotsiatsiya] and will support actions which correspond to the interests of our industry's workers. But we oppose having actions carried out, declarations made and proposals put forward in the name of our trade union's Central Council, when we do not agree with them. Moreover, the Central Council considers it necessary to convene a congress of trade unions on the matters of changes in the principles of the activities of Russia's trade union center.

New Transportation Association Highlighted

934A0240A Moscow GUDOK in Russian 25 Sep 92 p 2

[Article by V. Chubarova and L. Shirokov, Moscow: "Success to You, 'Intertrans': Notes From a Shareholders' Meeting"]

[Text] The business discussion had finished, but the participants in the meeting were in no hurry to disperse. Having assembled in the next room, they had their photo taken as a keepsake of the first general meeting of its shareholders in the history of the foreign-economic joint stock company (VAO) "Intertrans." We will expect that glorious deeds, the deserved prestige of a reliable partner and multimillion profits await "Intertrans" in the future.

As yet less than a year separates this meeting from the time of the creation of the company. This was a tense period of forming a definition of priorities and of strengthening positions.

The shareholders summed up the first results and outlined the prospects. Among the main tasks is the expansion and intensification of the work of the company and the strengthening of ties with transportation organizations.

"We need to expand the circle of shareholders and the geography of the representatives, laying special stress on the combining of public and personal interest," N. S. Konarev, president of the company, emphasized in his speech. He spoke at great length about what had been done and what will determine the work of the VAO in the future.

"As is well known, VAO "Intertrans" was founded and registered in October 1991," Nikolay Semenovich recalled. "The initiative for its creation then came from former all-union structures (the USSR Chamber of Commerce, the Ministry of Foreign Economic Relations, the Ministry of Railways), as well as from the Councils of Ministers of the RSFSR, Ukraine and Kazakhstan. After that the composition of the founder-members changed considerably in connection with the collapse of the USSR, the appearance of new sovereign states, and the exacerbation of conflicts between the nationalities. Now there are eight organizations. Among them are the Russian Ministry of Railways, the "Ritm" commercial association, the Magnitogorsk Metallurgical Combine, "Murmansknefteprodukt," and the "Nova" joint enterprise.

"However, such a changing of the composition has not changed in the least either the object or the goals of our company—the increasing of the export-import potential of Russia and the other republics of the CIS on the basis of the unstopping of bottlenecks in the work of all types of transport and the rendering of forwarding and consultative services to Russian and foreign firms.

"Great difficulties arose in the first two months of the formation but one managed to overcome them with the support of the founder-members. Having stood on its feet, the company has begun to increase appreciably: in eight months, revenues have increased 13.7 times and profit 9.5 times.

"According to preliminary data we will end the first year of activity with a positive balance—10 million rubles. Of course this isn't enough and one needs to try in the time left till the end of the year to significantly increase revenues and profit, which can be achieved only by toil, brains, and honest entrepreneurship.

"It is important to get down to the fulfillment of the chief task—the elimination of bottlenecks in the transportation complex and primarily at the outlets of transportation flows—more quickly. This necessitates concentration in the following directions: the crossings into China (Zabaykalsk, Grodekovo, Blagoveshchensk), the Khasan maritime commercial port, export-import operations through Finland, the creation of the same mutually advantageous operations with the countries of the Baltic,

Ukraine, Belarus and Kazakhstan, joining in the construction of a new railroad crossing from Turkmenistan to Iran, and the development of raw material and industrial resources in the BAM (Baykal-Amur Mainline) zone.

"One ought to bear in mind that China, Japan, the countries of Southeast Asia, Finland and Germany will be the basic, if not the chief, partners of Russia and the CIS countries. An investment strategy should be established based on this," the president of "Intertrans" said in his report.

"At the same time one needs to set up the production of, and create a market for, goods with the "Intertrans" trademark. Only by having one's own production, one's own goods, one's own trading house, can one expect the success of a great cause—an upsurge in the economy of Russia, an upsurge in the operation of all types of transportation. And this requires the understanding and support of the main founders and first of all the Ministry of Railways of the Russian Federation.

"VAO "Intertrans" intends to actively enlist the scientific potential of the country's transportation complex and to base itself on science and its authority and analyses.

"As the meeting noted, today as never before it is important to use advertising and the press in commercial work, for example, the oldest central railroad newspaper GUDOK. The question of financial assistance to GUDOK and its inclusion among the shareholders of "Intertrans" will be resolved in the next few days."

A. Korenev, director of VAO's branch in Tynda, dwelt on the question of the development of the mineral raw material resources of the BAM zone. Cooperation within the "Intertrans" framework permits the development of deposits of apatite, graphite, iron ore and semi-precious stones. A refractory clay deposit has been fully prospected. Now, in the words of A. Korenev, the question of a brick plant, which will be able to produce more than five million bricks a year already at the start, has been decided. A wood processing plant is being built.

The representative of the Far East also told about other projects, the implementation of which will yield not only purely material benefit, but also resolve a complex of social problems, in particular, the employment of the population in the Baykal-Amur Railroad zone.

The "Tyndales" production association is carrying out a number of projects. N. Bogdanov, its leader, acquainted those who had assembled with progress in their implementation.

A firm for the production and sale of consumer goods, which I. Khaba has headed, was created quite recently in "Intertrans."

"One of the tasks of the VAO," he said, "is to study both a region's need for goods and the sales market. The most

promising projects ought to be invested in. It has been decided, for example, to put money into brick factories."

Envoys from neighboring foreign countries listened attentively to representatives of the various regions, estimating their own resources and requirements.

A. Borovik, chief of a refrigerator car depot from Ussuriysk, spoke out for the expansion of freight and passenger traffic to the Maritime Kray. He also supported the proposal of the president of VAO "Intertrans" concerning the opening of VAO offices there.

O. Kryuchkov, general director of the forwarding enterprise under the state railroads administration of Ukraine, talked about the need for the cooperation of the transport workers of Russia and Ukraine. A Ukrainian analog of "Intertrans" was created in August of this year and so the Ukrainian colleagues would like to acquaint themselves with the experience of this joint-stock company as far as possible.

"We are participants in a very great and promising undertaking," that is how B. Petrenko, general director of the "Nova" joint enterprise, one of the shareholders of VAO "Intertrans," began his speech. Boris Andreyevich dwelt on the international ties of "Intertrans." Many foreign firms want to put their money into projects being carried out in Russia. But very often they don't know through whom and how to do this and don't see a reliable partner here. Precisely "Intertrans" can become it for many Western entrepreneurs.

What does VAO "Intertrans" provide for the thousands of ordinary collectives, in particular railroad collectives? Already now it is clear that under conditions of a reduction in revenues, the opportunities of the railroads and the Ministry of Railways to create real guarantors of the social protection of railroad workers are diminishing. New and non-traditional ways of economic management, the receipt of profit, and the developing and functioning of the transportation services market need to be sought.

The creation of the "Intertrans" joint-stock company, as also of the "Ritm" commercial production association and other similar structures, is a kind of first attempt, a first experience of operation within the framework of commercial and market relationships. The acquisition of such experience and its generalization and dissemination will be a valuable help to the railroad workers in their movement to the market and will help to find additional funds for the development and strengthening of the social protection of the railroad workers, i.e., for the solution of those problems for which the government of Russia has neither the forces nor the funds.

Civil Aviation Prices, Need for State Funds Viewed

934402844 Moscow IZVESTIYA in Russian 17 Nov 92
Morning Edition p 5

[Article by IZVESTIYA correspondent Igor Andreyev:
"Civil Aviation Is 'Freeing' Airline Rates"]

[Text] In 1993, exactly 90 years after man began flying with the strength of his intelligence, not his muscles, in the classical definition, we will begin flying exclusively with the strength of money. Beginning on 1 January, Russia's civil aircraft will begin carrying passengers at free rates, and this means that a ticket to Khabarovsk may cost 40,000 to 50,000 rubles [R] and a ticket to Adler may cost R15,000.

No matter how fast ticket prices have risen this year, aviators say, fuel, aircraft, and navigation and other equipment have risen in price even more rapidly. As a result, hundreds of aviation enterprises, except a dozen that are prospering, can barely make ends meet. And they are setting their hopes on a state subsidy which will cover the objective increase in prices for all the resources needed, on the one hand, and the costs of poor management and expenditures for the inflated work forces of enterprises which have not been changed since the days of the the USSR MGA [Ministry of Civil Aviation], on the other hand.

"A state subsidy corrupts managers," states Vadim Zamotin, deputy director of the Department of Air Transport of the Russian Ministry of Transport. "Why should they bother to look for reserves if it does not matter whether the work is performed poorly or well, since the state will pay their debts."

Does the shift to free tariffs mean that civil aviation is refusing state support? No, it is counting on a subsidy as before, but budget money. Zamotin and other managers in the sector hope, will be used in the best case for its development, and in the worst case for its basic survival. However, Zamotin points out, there may be two versions of the best case. The first one, which is not very realistic, is that the state will allocate the R160 billion in 1993 which is needed for serious progress in aviation, which is marking time. With this "lifting force," the sector will bring its dilapidated fleet up to date and build new runways and passenger and cargo terminals, that is, by laying a foundation for the future, it meets the growing demand for air service. And this scenario would suit us, the passengers, if we saw that the rates were not increasing so rapidly.

In the second version, the state comes up with R130 billion. This is enough to shift to new, more economical equipment (and less, substantially less, to consume the fuel), but to maintain as many aircraft as needed for those who have been disappointed on one-third of the flights.

A turn of events for the worse: the impoverished country is investing only R85 billion in 1993. Development of the sector is minimal. We, the passengers, will be supporting its everyday operation and providing an acceptable life for aviation workers by paying three to 3.5 times as much as we are today.

Finally, the worst and most likely version, according to Vadim Zamotin, is when the treasury cannot find even R85 billion for 1993. By being deprived of any tolerable future, civil aviation obtains the funds it needs only at the cost of the passengers and cargo shippers. The rates are soaring to five to 10 times as much, making flights to Khabarovsk and Adler R40,000 to R50,000 and R15,000, respectively. The department predicts that the demand for such expensive services will drop by about 40 percent.

The hopeless situation will be rescued to a certain extent by the system of privileges for passengers in certain categories, Zamotin believes. First of all, those who live in the Far North, where there is no other means but aircraft of reaching the main part of the country. Once a year a northern resident, like a person who is disabled or indigent, can obtain a discount on his ticket of 50 or 75 percent. The state is compensated for the privilege by its social protection organs or other institutions. It is important, Zamotin stresses, that such a mechanism be established for their settlement with aviation enterprises, in order to avoid misuse by those who sell Aeroflot tickets, on one hand, and in order not to get bogged down in additional flows of money, which are bad enough as they are in Russia's ruined financial system, on the other hand. It might be ideal, in the view of the department's managers, for the ticket office to sell a ticket even to one who is "privileged" at the full price, and he can receive the difference at the social protection organs.

They predict that Russian aviation enterprises' shift to free rates will inevitably raise prices for the tickets of carriers in neighboring states which fly to Russia. Refueling at destination airports and all those services which an airport provides to anyone who is seated "on board" will become more expensive. As far as Aeroflot's international flights are concerned, the dollar part of the tariff will not increase, which, alas, cannot be said of the ruble part. Although our economic position on foreign routes is completely satisfactory, Vadim Zamotin notes.

Statute on Maritime Transport Department Establishment

935D0095A Moscow MORSKOY FLOT in Russian
No 6/7, Jun-Jul 92 pp 4-5

[Text of "Statute on the Department of Maritime Transport of the Ministry of Transport of the Russian Federation"]

[Text]

1. The Department of Maritime Transport has been formed by directive of the RSFSR Council of Ministers

N 1026-r, dated 18 September 1991, and is part of the central apparatus of the Ministry of Transport of the Russian Federation

2. In its work the Department of Maritime Transport is to be guided by the laws of the Russian Federation and other acts adopted by the Congress of Peoples' Deputies of the Russian Federation, the Supreme Soviet of the Russian Federation, and the Presidium of the Supreme Soviet of the Russian Federation, by the decrees and directives of the Government of the Russian Federation, by USSR legislation currently in force in the territory of the republic, by the orders and instructions of the Ministry of Transport of the Russian Federation, as well as by the present Statute

3. The principal tasks of the Department of Maritime Transport are:

- elaboration of a concept for the development of the maritime transport of the Russian Federation on the basis of a forecast of the needs of the national economy and the population for transportation services;
- elaboration and implementation of state measures directed to the economically feasible utilization of maritime transport in transporting freight and passengers in coastal and foreign navigation, as well as the development of the freight transport of foreign charterers;
- organization and implementation of state supervision over the ensuring of the safety of navigation and of an efficient emergency rescue service
- development of draft legislative and legally binding documents, standards, and norms which define the procedure for the functioning of the maritime transport of the Russian Federation, irrespective of the forms of ownership, as well as of the economic and legal systems for the implementation of these acts;
- establishment and conducting of an unified scientific-technical, social and personnel policy in maritime transport;
- development of navigational safety norms in conformity with the requirements of international standards and the legislation of the Russian Federation. Organization of the protection of the marine environment and of the saving of human life at sea

4. In conformity with the tasks entrusted to it, the Department of Maritime Transport:

- substantiates the need for financial resources for the solving of strategic problems in the maritime transport of the Russian Federation and for foreign exchange and also elaborates state programs for the development of maritime transport and adopts measures for the implementation of these programs;

- participates in the organization of work regarding the licensing of delivery, transport and dispatch, and other activity being carried out in the manner established by the Government of the Russian Federation;
- participates in the development of maritime transport policy and in the work of international organizations in the sphere of maritime shipping and works out the drafts of international treaties, conventions, and agreements on questions of mercantile navigation;
- organizes and monitors the ensuring of the emergency rescue readiness of duty ships and technical facilities;
- organizes state supervision over the observance in maritime commercial ports and waters of the statutes, rules, and other normative acts concerning maritime shipping currently in force in the Russian Federation by all ships irrespective of the forms of ownership and their departmental and state affiliation;
- organizes supervision over the launching of ships into the sea and over the observance of fire safety requirements in the fleet, the technical condition of ships, and their correspondence to international and national requirements;
- participates in the development of a rate policy and in the establishment of a chartering policy and of the concerted conduct of Russian shipowners on the foreign market;
- renders assistance in the establishment of a transportation services market and of new organizational structures based on various forms of ownership in maritime transport; develops proposals and implements within the limits of its authority measures for the social protection of maritime transport workers
- develops requirements for the level of professional fitness of personnel and organizes their training, re-training and skills improvement;
- organizes the expert appraisal of draft state programs for the development of maritime transport;
- coordinates and regulates the work of the maritime transport enterprises of Russia within the framework of ensuring the needs of the state for transporting freight to the regions of the Arctic and the Far North and the regions that have been given the same status as them, as well as in the fulfillment of the instructions of the Government of the Russian Federation concerning the prompt delivery of imported foodstuffs and other cargoes and the transporting of goods for export. Organizes and carries out the material-technical support of the maritime transport enterprises performing these transport operations;
- organizes and carries out state supervision over the rational utilization of the Northern Sea Route and makes sure of the navigational and hydrographical situation in the Arctic;

- ensures the mobilization preparation of maritime transport enterprises for work in emergency situations;
- organizes work with respect to the creation of the technical equipment for maritime satellite systems;
- organizes and coordinates operations for the elimination of spills of oil and petroleum products into the sea from ships and facilities irrespective of their departmental and national affiliation, including the conducting of operations which result from international treaties;
- carries out the coordination of the work in equipping ports with cargo-handling equipment and in introducing advanced technology for the handling and reloading of cargoes;
- develops and approves in accordance with established procedure industry normative documents regarding the technical operational safety, repair, modernization and removal from service of ships, including those with nuclear power units, and of ships for nuclear engineering servicing, as well as regarding the safe transporting, storage and handling of nuclear fuel and radioactive wastes;
- implements measures to ensure the cooperation of ship repair plants with respect to individual types of industrial products.

5. Carries out temporarily, until the establishment of market structures, direct supervision of state maritime transport enterprises, establishments, and organizations, as well as in accordance with established procedure functions related to the management of state property, including the conclusion of contracts with the leaders of maritime transport enterprises.

The interrelations of the Department of Maritime Transport with enterprises, establishments and organizations are carried out by it in strict conformity with the RSFSR Law "On Enterprises and Entrepreneurial Activity" and other legislative acts defining the rights of these enterprises, establishments and organizations.

6. The Department of Maritime Transport has the right:

- to take part in the solution of problems of achieving state programs for the development of maritime transport as well as to carry out supervision over the rational expenditure of the resources being allotted for these purposes;
- to participate in the consideration of questions which affect the interests of maritime transport in the organs of state administration of the Russian Federation;
- to carry out supervision over the observance of transportation legislation, the requirements of international treaties, conventions, and organizations, irrespective of the forms of ownership;

- to require the submission of materials from maritime transport associations, enterprises and organizations necessary for the performance of the tasks entrusted to it.

7. The Department of Maritime Transport is headed by the Director of the department—a First Deputy Minister of Transport of the Russian Federation.

8. The Director of the Department of Maritime Transport:

- directs the work of the Department; bears personal responsibility for the performance of the tasks and functions entrusted to the Department;
- appoints and relieves from their posts the workers of the Department, with the exception of the deputy directors of the Department and the department (otdel) chiefs appointed and relieved from their posts by the Ministry;
- provides moral as well as, within the limits of the appropriations allotted to him, material incentives for the workers of the Department and imposes disciplinary penalties on guilty persons;
- approves the Statute on the structural subdivisions of the Department;
- issues orders and instructions within the limits of his authority.

9. The Department of Maritime Transport has current, budget, and foreign exchange accounts in bank establishments, as well as a seal with a representation of the state coat of arms of the Russian Federation and with its own name.

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Future of Maritime Transport Pondered

934.402364 Moscow MORSKOY FLOT in Russian
No 6 /7, Jun-Jul 92 pp 6-9

[Interview with G. Gerasimchuk, director of the Department of Maritime Transport of the Russian Federation Ministry of Transport, by the editors of MORSKOY FLOT: "Russia's Maritime Transport: Failure or Rebirth?"; date and place not given]

[Text] The collapse of the Soviet Union also entailed the splitting up of the country's maritime transport. Its former maritime republics took on the task of calculating what they had inherited. It turned out that Russia's portion was not of the best, either with respect to tonnage and types of fleet, or with respect to being equipped with ports. Just what does Russian shipping expect in the future? What is its present state? The editors of MORSKOY FLOT [MF] asked G. Gerasimchuk, director of the Department of Maritime Transport of the Russian Federation Ministry of Transport, to answer these important questions.

[MF] The liquidation of the USSR Ministry of the Maritime Fleet is a fait accompli. A new structure has now been formed—the Department of Maritime Transport at the Ministry of Transport of the Russian Federation. You, Gennadiy Davydovich, have been appointed director of this administrative body, and the editors of *MORSKOY FLOT* congratulate you on this. We assume that our readers will be interested in learning first hand just what does it designate as its tasks, and how does it differ from the former Ministry of the Maritime Fleet?

[Gerasimchuk] The role and significance of any administrative body, including that of maritime transport, are not determined by the title—that is only form.

In the industrially developed countries, the organs of state maritime transport control are represented by various organizational structures, for example, the Maritime Administration and the Federal Maritime Commission (United States), the Ministry of the Merchant Fleet (Italy), the Ministry of Shipping and Maritime Affairs (Holland), the Ministry of the Mercantile Fleet and the Hellenic Chamber of Shipping (Greece), the Marine Directorate and the Shipping Policy and Emergency Planning Directorate (Great Britain), the Department of the Merchant Fleet (Japan), etc. Russia, of course, is not Holland, but in the final analysis, is this really the main thing?

It is something else that is important—the level of state regulation of the relations arising in maritime transport, that is, the number of tasks and functions imposed on the corresponding state administrative body.

The extent of state participation in this regulation varies, just as does the role of maritime transport in each country, and depends on a number of inherent geographical, economic and political features.

In all maritime powers, however, the marine transport administrative bodies occupy a special place in a system of not too numerous government institutions and are called upon to provide state monitoring and coordination of activity of the, as a rule, economically independent shipping companies and seaports.

Even under the conditions of developed and well adjusted market relations and stringent labor, contractual, payment, technological and other disciplines and convertibility of national currency, the absence of problems in all types of supply and repair of the fleet, and the presence of sizable reserves of fleet transport capacities and port throughput abilities, the industrially developed sea powers cannot permit themselves decentralization or lack of control in certain directions of maritime transport activity, such as:

- developing and implementing a national shipping policy in relations with other sectors of industry and state and international organizations;
- economic analysis and prediction of the development and work of the sector;

- providing norms and standards for shipping safety;
- adhering to a regime of marine environmental protection;
- regulating the activity of port facilities;
- training marine personnel;
- regulating the defense aspects of the maritime merchant fleet;
- monitoring the commercial activity of companies and in a number of other spheres (organization of rescue services, budget financing, tariff and tax policy, accounting, etc.).

These so-called classic blocks of tasks are unquestionably also inherent in the organ of state control of Russia's maritime transport, whatever it is called.

This is by no means everything, however, that we are called upon to deal with today, consciously using, when necessary, the command-administrative methods that are so unpopular with us. How else can there be a solution to the problems of the life support for the vast regions of the Arctic, Kamchatka, Sakhalin, Magadan Oblast and a number of other regions of the country where maritime transport is virtually the only means of delivering the most varied supply cargo.

The difficult hydrometeorological and ice conditions of navigation, the long idle times, disembarking crew forces on unequipped shores, the frequent ice damage to ships and the attendant sizable expenditures for repair, with the corresponding losses of the fleet's transport capacities and a number of other specific factors of an analogous nature predetermine the economic and social unpopularity, to put it mildly, of carrying out this transport.

Russia is not in a position to solve this problem by economic methods, let us say by introducing the appropriate tariffs, when it took 980 million rubles [R] (contractual price R50 million) for a supply ship of the Ivan Papanin type, built last year by the Kherson shipbuilders, since a considerable number of the consumers in the Arctic are financed or subsidized from the budget. The problem is this: either strictly regulate the process of delivering cargoes to regions, which are unprofitable on the economic plane and dangerous from the navigation standpoint, or suspend any activity there until better times. Other variants are in the realm of the fantastic. We all know our other "special features": the destroyed supply system, the breakdown in discipline and social order, the unpopularity of the ruble, the instability of economic principles, the imperfection, and often even the contradiction in economic legislation, and our noticeable difference today from the Western countries.

In addition, new tasks have appeared in the Department, connected with privatization, demonopolization, resolving labor conflicts, concluding tariff agreements, carrying out all the normative acts regulating maritime

transport activity in accordance with Russian legislation that have been turned out over many decades, regulating relations among the CIS countries and others.

These are, so to speak, the features of the portrait of the maritime transport administrative body, the staff size of which has been justifiably reduced by a factor of 3.5 as compared with 1988. It is for the readers to judge how much they conform to the published Statute on the Department.

If one speaks about the differences between the former USSR Ministry of the Maritime Fleet and the present Department, then, with other conditions being equal and the correct organization of the management system, there should be no differences, unless, of course, duplicating structures, operating in parallel, are artificially set up, formed, for example, in the Russian Federation Ministry of Transport.

I emphasize, it is not the title, but the volume of tasks and functions formed objectively today that should determine the need, role and significance of an administrative body. To put it simply, there is work to do—this means that someone is obliged to perform it professionally. Under what "roof" it will do this is merely form.

[MF] What are the consequences for Russia's maritime transport of the break-up of the Union?

[Gerasimchuk] The material-technical base of maritime transport was located on USSR territory in the postwar years on the basis of the need for comprehensive development of all regions of the country and for implementation of measures to break up the already existing and newly created shipping companies and other enterprises into smaller units and specialize them.

These decisions were based primarily on economic, geographical, geological, hydrological, demographic and other factors being taken into consideration in such cases. In any case, political aspects figured in least of all. The Union was "indissoluble."

With its breakdown, Russia suffered substantial losses in fleet transport capacities and in seaport throughput capacities.

Judge for yourselves. The proportion of Russian cargo was in the order of 70 percent of the total USSR cargo base. At the same time, only 55 percent of the deadweight of the Union transport fleet passed into the possession of the Russian Federation, including 47.6 percent of the dry-cargo fleet. Great distortions in types of fleet were formed in this case. For example, Russia obtained (with respect to deadweight) 25 percent of the LASH ships, 18 percent of the ferries, 27.6 percent of the refrigerator ships, 28.7 percent of the bulkers and 35 percent of the passenger ships.

The seaports remaining on the territory of the Russian Federation were capable of passing through only 62

percent of the Russian cargoes, including 95 percent of the coastal cargoes and only 51.6 percent of the export-import cargo.

The condition of the material-technical maritime transport base that has passed to Russia is a cause for serious alarm and worry. This is particularly true of the transport fleet, the average age of which has reached 16.2 years. Unless measures are taken today to replace it, in a few years the country will be practically devoid of maritime tonnage and will become completely dependent on foreign ship owners. Its expenditures to pay for charter to transport export-import cargoes alone will reach \$3 billion a year.

An analogous situation is forming in Russia's port services. The shortage that has been created in Russia is covered by using the throughput capacities of the ports of contiguous states—Ukraine, Lithuania, Latvia and Estonia—to transship the arriving imported foodstuffs and to export cargo to individual countries.

[MF] Let us now dwell in greater detail on the functions of the Department, particularly in the economic sphere. How will the enterprises of Russia's maritime transport be privatized, and what is already being done in this direction? Recently, in addition to the traditional shipping companies, alternative transport has sprung up, particularly the joint-stock society, "Dobrovolnyy Flot," in the Far East, and a number of others. How does it propose to build relations with them?

[Gerasimchuk] With the expansion of the rights of enterprises, the functions of the maritime transport administrative body, particularly the Department, were essentially transformed. They were considerably reduced in such spheres of activity as planning, labor and wages, monitoring the production-financial activity of enterprises, material-technical supply and certain others. At the same time, a number of factors have appeared which increase the load on the sectorial administrative bodies.

The number of these factors and the extent of their effect on the management system are directly related to the general situation in the country and above all—to the instability of economic principles, the imperfection of legislative and legally binding acts, to various forms of the manifestation of legal nihilism and similar phenomena. Let us take, for example, the problems of budget financing. The disorder in the financial system has today led to the need to convert from a yearly to a quarterly budget. In practice, the budget resource planning horizon has narrowed down to the period of a month, that is, the work volume of the sector's administrative body (for all elements of it)—from drawing up the drafts and the process of defending them to the actual financing of individual enterprises, organizations and institutions or objects—has greatly increased.

How many times recently has the mechanism of forming the wage fund or taxation changed? Specialists at all administrative levels know all too well the price of each such change in the course of economic policy. They

hardly manage to seriously look into and work out all the elements of one system, to coordinate it somehow with the sectorial features, when the next one comes along....

It is this way in virtually all spheres of administrative activity. Quite new functions, which I mentioned above, have also appeared. So they cannot be considered as frozen, established once and for all, and in the period of reform they are constantly being changed in one direction or another. The emergence of the next government law, edict or decree as a rule introduces some sort of changes in function of the sectorial management bodies as well.

Now, about privatization.

The basic principles and mechanisms of this very complex process were worked out only at the beginning of this year.

Today (on the basis of the proposals of the enterprises and the comments expressed at the directors' meeting held on 4-5 February) a draft of the program for maritime transport privatization in 1992-1994 was prepared, specifying conversion to joint-stock form of ownership of shipping companies, seaports, ship repair yards, scientific-research institutes and a number of other enterprises and organizations.

Considering the specific features of maritime transport, such as the high capital-intensiveness, the problems of updating the existing imported equipment at the ports without having currency resources available, the need to fulfill transport for the needs of the state, to replace the fleet in shipping companies that provide the main volume of coastal transport, and others, these problems should and will be solved only after a thorough study of all the attendant consequences.

The Department's relations with various commercial enterprises engaging in maritime transport will be built on the basis of the normative acts in force in Russia, and this is also specified in the approved Statute.

The main thing here is to ensure navigation safety and the fulfillment of the laws, statutes, norms and standards existing in maritime transport, and also fulfillment of the ratified conventions and agreements in the sphere of international maritime transport. The basic instrument for implementing this task will be the issuing of licenses for the right to engage in cargo transport by sea, which can be obtained by any commercial enterprise which guarantees adherence to the requirements, common for everyone, existing in maritime transport.

[MF] It is no secret that the high degree of currency effectiveness of domestic shipping companies is related to their payment for fuel and various types of equipment at domestic prices in rubles, and this includes the labor of the seamen. In the future, with the development of market relations, the situation may not change for the better. We know that many states are supporting their national transport in the form of subsidies and tax

benefits. What, in this case is specified for implementation in the Department, including the tariff policy?

[Gerasimchuk] You are quite right. This was actually the case in the not too distant past! There was a great deal that was conditional in the high degree of currency effectiveness for the shipping companies, especially in prices for bunkering fuel, services at domestic ports, ship repair, etc. Because of the rise in these prices, adequate measures will be taken to keep the fleet and the ports "afloat."

The basis has already been laid. For example, accelerated amortization has been introduced, which is, essentially, an indirect form of tax benefits, the rates and tariffs existing in the ports and in coastal trade have been increased up to five-fold, and a number of similar measures have also been specified in the Edict of the President of Russia which is being prepared, including types of activity requiring state support.

[MF] We know that the process of designing and building ships is quite a long one, and many orders for foreign shipyards were therefore made several years ago, when the present zig-zag of history could hardly have been foreseen. What is the fate of this tonnage today?

[Gerasimchuk] The orders of the fleet were made at foreign shipyards for completely specific needs and for specific shipping companies. A number of them did not have and still do not have their own currency resources for these purposes. In that period, however, the Ministry of the Maritime Fleet formed the appropriate currency funds, by means of which the financing was implemented.

Today, the Department has no such funds, and unless a shipping company can pay for the ship built for it, the ship will be sold, and the funds gained will go to pay for the loan. This, of course, means failure for those shipping companies whose basic activity is oriented toward domestic transport.

The overwhelming majority of the ports which are deprived of the possibility of earning foreign currency, and consequently, of acquiring and updating their existing imported transport equipment and spare parts for this, also find themselves in this desperate situation.

To solve these urgent problems, we are substantiating, in the draft of the Edict of the President of the Russian Federation, the fact that the building of the expensive fleet for Arctic transport and the regions of the Far North should be financed through the state budget, and also the expediency of forming, in the Ministry of Transport, a strictly specific-purpose currency fund, formed through withholdings from the enterprises, with subsequent application of these sums for the production cost.

[MF] Is there still a state order for individual types of transport, particularly in the regions of the Far North? What is meant by licensing and quantity regulation of

transport operations and services? What are the priority directions of the investment policy in the development of a shore base?

[Gerasimchuk] Transport for the needs of the state or, as you call it, the state order, will be maintained. These include delivering cargo to the regions of the Far North and to localities on the same footing with them, that is, virtually all coastal trading.

I have already talked about licensing.

As for quantity regulation, it is primarily a question of establishing for the shipping companies the volume of cargo exported to individual regions of Russia in consideration of the specialization of the enterprises, and also of the fulfillment of individual resolutions of the Russian government on urgent purchase and delivery to the country of certain vital cargoes, as for example, imported grain (in this case, quotas for the fulfillment of the work volumes are established for the shipping companies and ports).

Increasing the throughput capacities of the ports is, I would say, critical, and a priority direction in the investment policy. This can be solved in two directions at once—renovating and expanding the existing seaports, and also building at least two major new ports in the West and the South. I would not remove from the agenda a civilized form of support and use, in the future, of the ports of the Baltic States and Ukraine.

The appropriate research and technical-economic substantiation for all possible variants of the solution to this problem is now being prepared.

[MF] To all appearances, the state maritime inspectorate has again been included in the Department, even though quite a large number of specialists in the sector suggested making the organ of state inspection of navigation safety independent (to ensure independence from departmental interests) of the type of Gosaviznadzor, Gosatomnadzor, etc. How do you explain the decision that was made? What is the fate of the organ of technical inspection—the USSR Register, which was only recently under the jurisdiction of the USSR Ministry of the Maritime Fleet?

[Gerasimchuk] I do not think that transforming Gosmorinspektsiya into an independent organ (we are working on this) will remove all the problems existing in the sphere of navigation safety. Otherwise, how do you explain the fact that, even with the existence of Gosaviznadzor, Gosatomnadzor and other autonomous "inspectorates," we had Chernobyl, planes continue to fall, and the number of accidents in other sectors is growing?

Apparently, the essence of the matter lies not in this, but primarily in slackness and irresponsibility, in the poor discipline of the direct executors. Besides, the former Ministry of the Maritime Fleet did not object to the

transformation of Gosmorinspektsiya, and in its time proposed this to the USSR Cabinet of Ministers.

The Register of the former Union is an economically accountable organization, I would say of an international nature, and it is premature to worry about its fate. It served shipbuilding in many countries, the ships of all shipping companies and other owners of maritime ships and facilities and continues the same activity for an established fee.

[MF] I should also like to learn about the basic directions of the sector's technical policy (will it, as before, be unified or decentralized), mainly with respect to building the transport fleet, its technical operation and ship repair technology.

[Gerasimchuk] The main directions in the technical policy for maritime transport will be centrally decided. For this purpose, in accordance with the decree of the Russian government, an extra-budgetary NIOKR [scientific-research and experimental design work] fund will be set up, the funds of which will serve as the basic financing source for the general state and sectorial programs of scientific-technical progress.

Local problems will be solved by the enterprises themselves through their own funds.

[MF] Legal relations in domestic shipping are presently regulated by the USSR Code of Merchant Shipping, and under today's conditions it is in many ways obsolete. What new legislative acts are being prepared to change it, and who will solve the debates arising in the process of the interaction of the maritime transport enterprises and others located on the territory of the sovereign states?

[Gerasimchuk] At present the Department is preparing a draft of the Law of the Russian Federation on Maritime Transport, which should determine the basic statutes regulating the work of the sector. The first wording of it will be ready in March of this year. The Code of Merchant Navigation is also being revised on the basis of the Russian legislation. The first stage in this work is to be completed by the middle of this year.

The arguments and conflicts arising in the process of transporting and transshipping the cargo of Russian owners by the forces and resources of the former Union republics should and will be resolved on the basis of the norms of international maritime law and concluded between the parties to the contracts.

[MF] Gennadiy Davydovich, in the course of our interview, you have several times mentioned the Edict of the President of the Russian Federation "On Measures for the Rebirth of the Maritime Transport of the Russian Federation." Can you tell us about this document in greater detail.

[Gerasimchuk] As you can see, its title speaks for itself—the situation in Russia's maritime transport has become so complicated that it can only be a question of the rebirth of domestic shipping. First of all, the Edict

specifies preparing a program, calculated for eight years, of contractual supply of ships and the necessary equipment to outfit ports and ship repair enterprises, using commercial forms of participation in it by shipping companies, banks, shipyards and the enterprises supplying equipment.

We need to sell, outside the boundaries of Russia, ships for marine and mixed (river-sea) sailing, built at Russian shipyards, and the fleet in operation should also be produced in accordance with licenses approved by the Russian Ministry of Transport.

The Edict also contains statutes pertaining to the privatization of maritime transport enterprises, as well as to providing transport in the regions of the Far North and localities on an equal footing with it. We have already talked about this.

The document also specifies the formation of a "Fund for the Rebirth of Russia's Maritime Merchant Fleet." The sources of its formation should be the sums of the profit taxes of the sector's enterprises, on the basis of their reducing, in favor of the state, the dividends for shares belonging to the state, the funds from privatizing federal property for maritime transport and also voluntary payments by legal and physical persons. The currency part of the fund will be formed through resources coming from compulsory sale of some of the currency receipts of maritime transport enterprises to the Russian republic currency reserve. The fund has a specific purpose and can be used only to finance the development of the fleet and ports. For its guarantee, the shipping companies and ports are permitted to issue securities in order to attract additional resources from legal and physical persons.

The Edict also specifies an increase in currency payments to members of ships' crews, a 50 percent increase in the amount of non-taxable expenditures for wages included in the cost of the output of the sector's enterprises, allocating funds for basic foodstuffs to supply seamen with them, 24-hour shifts of workers involved in cargo transport and fleet movement, and also students at Naval educational institutions.

A number of measures of an economic nature, directed toward the development of Russia's maritime transport, are also specified. Incidentally, I think that the readers of MORSKOY FLOT might familiarize themselves with the complete text of the Edict of the President of the Russian Federation.

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Disappearing Markers Pose Navigational Hazards

93A50058A Moscow KRASNAYA ZVEZDA in Russian
15 Oct 92 p 2

Article by Sergey Makaryevskiy, TOF [Pacific Ocean Fleet] press center: "Markers And Beacons Are Burning Out—Vessels Are Perishing in the Sea"]

[Text] Every first-year student, who has read Mayakovskiy's "About the Sea and About Lighthouses," knows how a silent and extinguished navigational marker in the middle of a stormy sea threatens seafarers. They did not extinguish beacons even during wartime; they only converted them to another operating mode unknown to the enemy. Now during peacetime, thanks be to God, it is time for the Pacific Ocean region to sound the alarm about the condition of marker equipment (KRASNAYA ZVEZDA talked about some problems involving hydrographs and illuminated hand-made stars on maritime roads in the 16 July issue of this year). Otherwise, it is impossible to call what latter-day "pirates" are doing on the busy maritime mainlines connecting Russia with the entire world, vandalism.

According to information from the Pacific Ocean Fleet's Hydrographic Service, navigational markers and beacons on the Beringovskiy and Opasnyy (the name speaks for itself!) alignments, Evgekinot Bay, Kresta Gulf, Petropavlovskaya Harbor, Korsakov Port, and a great number of others from Chukotka to the southern shores of Primorye have already been destroyed and stolen this year. The Amurskaya measuring line was put into operation only this spring and all the boards with its panels had already been stolen in August—for the construction of dachas and garages and even simply for bonfires.

If you cannot put a sentry with an automatic rifle near each buoy or leading beacon, they will swipe the power-supply battery, optics and radio parts from them—everything that could be profitable to sell or adapt to private use. A great deal of damage is being inflicted on navigational equipment close to population centers as if there were no people in them who understand the extent of the threatening catastrophes and who are capable of halting the destroyers. The port captains, supervision services and internal affairs agencies, who insure the work of the ports, are also shutting their eyes to this. All appeals from the Pacific Ocean military hydrographers to the procurator's representatives remain unanswered. You see, the fleet's assets are barely enough to keep the existing reference points, whose destruction is an emergency event, in operating condition and there is hopelessness about their repairs.

How can one fail to turn his glance again to the civilized West which is near the Pacific Ocean people in the east. In the United States, to which it is necessary to hold out one's hand in places, the Coast Guard works to insure navigational safety by maintaining more than 44,000 pieces of navigational equipment in working condition. A total of 49,000 federal employees and 47,000 voluntary helpers perform this work. We are not only not talking about voluntary assistance to hydrographers; there is not even a law entitled "On the Beacon Collection." One will stand in line for a long time awaiting parliament's approval.

Siberian Motor Vehicle Production Planned

934A0229A Moscow GUDOK in Russian 28 Oct 92 p 2

[Article by V. Lendov: "Big Idea for Big Siberia"]

[Text] Novosibirsk—To set up Siberia's own motor vehicle production—this was the proposal put forward in the local press by a group of executives of a number of major enterprises and institutes of the Siberian Division of the Russian Academy of Sciences. A new concern, known as "Sibavto," is being organized with this in mind.

At a meeting with journalists, Doctor of Sciences Vladimir Feodosyevich Anufriyenko, deputy chairman of the organizing committee and senior research associate at the Russian Academy of Sciences' Institute of Catalysis, said:

"If we look at a map of auto industry enterprises, Siberia appears as an enormous blank spot on it. Is this right? After all, we have any raw material, powerful economic and research potential, and military-industrial complex enterprises that need orders. Moreover, the demand for motor vehicles is guaranteed."

Big Siberia needs a big idea. Perhaps this is why the industrialists' and scientists' proposal has drawn an enthusiastic response in the region. Electrical equipment plants in Novosibirsk have expressed a readiness to join the concern, as have the Luch [Ray] Production Association, the Berdsk Electromechanical Plant, tire plants in Omsk, Barnaul, and Krasnoyarsk, the Tomsk Petrochemical Combine, a group of enterprises in the Kuznetsk basin, and others.

And none are coming empty-handed. The Tomsk Petrochemical Combine, which produces raw materials for its own plastics plants, is taking on the job of setting up the production of plastic parts. The tire makers joining the concern are hoping to acquire for their own use industrial elementary-particle accelerators developed at the Nuclear Physics Institute of the Russian Academy of Sciences' Siberian Division. Incidentally, this will make it possible to increase tire service life by 20 percent. This technology is not yet available in Russia. The electrical equipment plant is offering to make its buildings available for assembling motor vehicles.

As you can see, there is already talk of assembling and producing finished products. The Siberians' strategic idea is to organize Siberia's own assembly of up to 300,000 motor vehicles of any model produced by the world's auto giants within one or two years, to start selling them, and in this way to earn money for further reconstruction of the enterprises that make up the concern and to introduce "know-how."

The Institute of Catalysis, which developed catalysts for the complete combustion of exhaust gases, has designed equipment to produce liquid fuel without lead admixtures, and other things as well. The future concern's briefcase contains plans for improving automotive

engines and other interesting ideas. The Tomsk Mechanical Institute for Ceramic Parts Production also has a good many modern and promising proposals.

A search is currently under way for a partner firm that could provide the Siberians with assembly work. And there are some firms willing to do so. Japan's famous Mazda firm is prepared to invest \$1 billion to help Novosibirsk start assembling its motor vehicles. However, a final decision will depend on the outlook for Russian-Japanese relations, on political and economic guarantees, and on political stability in Russia. The European Volvo auto giant has also expressed interest in this.

"This is not some wild scheme," said V. Anufriyenko. "The Volga Commercial Automotive Concern, based in Yelabuga, is somewhat ahead of us in employing this same method. It has already concluded a deal with Fiat and will begin assembling 400,000 motor vehicles a year, worth \$1.5 billion, in Orenburg next year; it plans to pay with finished output. So we are sure that the course we have charted is correct. And after getting assembly work and standing on its feet, the concern will then be able to think about producing its own competitive model of a Siberian-made automobile."

Now, in order to get started and accomplish top-priority tasks, the Siberians need to get together 500 million rubles, which they are now trying to do, and they are drawing up documents to register the concern. V. Anufriyenko said that the Russian government supports the plan, and competitors are already concerned about Sibavto's prospects.

There is one other obstacle to a Siberian-made automobile, and a very formidable one. The current state of Siberia's roads. Journalists did not pass up the chance to remind the scientist of this. To which they received a calm and optimistic reply: "Remember Henry Ford, who maintained that the automobile created America's roads and all modern America in general. If a Siberian-made automobile appears, it will promote the development of many other things, including roads." Well, let's keep our fingers crossed.

Rail Enterprises' Privatization Viewed

934A0229B Moscow GUDOK in Russian 28 Oct 92 p 2

[Interview with Kemerovo Railroad Director A. Koryachkin by N. Domozhrov: "Cautious Privatization"]

[Text] Kemerovo—As we know, under the Russian president's decree on converting railroad transport enterprises into joint-stock companies, federal property will remain the primary form of property in the branch. Only "individual enterprises" will be privatized, and the list of such enterprises has yet to be finally confirmed. What is planned in this area on the Kemerovo Railroad? This was the subject of our correspondent's conversation with its director, A. Koryachkin.

[Domozhirov] Doesn't it seem to you, Anatoliy Mikhaylovich, that on the Kemerovo Railroad, this category could include the Tomsk Railroad Tie Plant and the Belovskiy Crushed Stone Plant, which currently have the status of leased enterprises?

[Koryachkin] We have already thought about the future of those enterprises. And we have concluded that in the event they are converted into joint-stock companies, the railroad's supply of basic materials—railroad ties and crushed stone—will deteriorate. After all, once they acquire total economic independence, the producers will pay paramount attention to their own interests, not the railroad's. Some of their output will go elsewhere. Of course, we will retain some levers to influence them in any case. But why strain business relationships—just to follow the "latest fashion"? We are not going to opt for privatization for the sake of privatization.

[Domozhirov] Are there no other enterprises subordinate to the railroad whose conversion into joint-stock companies would make sense?

[Koryachkin] We are selecting candidates for this role, but we haven't made any final decisions yet. And so I will refrain for now from any specific list. We are faced with too serious a job to be in a big hurry and to take any rash steps. Incidentally, the discussion of privatization has also been important in a second way, for it has forced us managers to take a more exacting attitude toward the federal property at our disposal.

Take, for example, the right-of-ways along the railroads. We used to designate them in a very carefree way, since the land had no official price. Now that the price has been established, the excess land becomes very burdensome, and railroad offices have immediately begun taking inventory of this land. To all indications, the work will be completed next year. But it can already be said that we expect this extensive effort to have a very significant effect for us, especially within city limits. At the same time, setting new boundaries for production areas will also require discipline on the part of local authorities, who are constantly putting up garages, residential buildings, and other facilities within the rights-of-way. I could cite as an example Novokuznetsk, Prokopyevsk, and Kiselevsk, where instances of land seizure are especially frequent.

[Domozhirov] Are these seizures all that significant?

[Koryachkin] Sometimes they are downright intolerable. Several dozen privately owned garages have been built in the right-of-way at the Novokuznetsk-Vostochnyy station, in an area earmarked for the construction of a large locomotive depot. Now they will have to be torn down, which will entail additional expense and anger the car owners. It is a pity that we currently have no effective legislation on land use.

I had intended to finish gathering materials for this article in the office of A. Lavrov, deputy chief of the oblast administration. It would have been interesting to learn how the railroaders' problem is viewed by the authorities. However, at the scheduled time he declined to meet me, without offering any reasons or apologies. Instead, he instructed his numerous assistants to provide any explanations. The latter said plainly: How can someone draw any conclusions about privatization in transport given the ban imposed by the Russian Supreme Soviet and the president?

It seemed to me that Kemerovo's privatizers don't yet have anything to brag about in other production spheres either. True, a number of collectives of coal-mining enterprises who bought their fixed assets from the state turned over 51 percent of the shares to foreign companions. Curiously, these enterprises include the Chernigovskiy opencut mine—the very mine at which, up until the mass miners' strike of 1989, M. Kislyuk, Kemerovo Oblast's current administration chief, worked as chief economist. The coincidence is not a random one, in my opinion. I remember that at one press conference Kislyuk did not rule out transferring jurisdiction of the Kuznetsk mines to the United States! He said there won't be anything terrible about this, since we would lure rich foreign investors here. M. Kislyuk apparently isn't bothered by the fact that if this were to happen, the local miners would become hired hands on their own land.

REGIONAL AFFAIRS

Russian 'Alliance of Governors' Support Yeltsin

934C0361A Moscow ROSSIYSKIYE VESTI in Russian
19 Nov 92 p 1

[Article by Lyubov Dunaeva: "Governors Support President"]

[Text] The "Governors of Russia" believe it is necessary to prolong the additional powers of the President of the RF until the new Constitution is adopted. This is stated in a declaration adopted at the Moscow session of the Alliance of Governors of Russia - Leaders of the Territorial Organs of Executive Power. The alliance, which brought together the heads of administration of 53 regions, was registered at the Ministry of Justice last week. Anatoliy Tyazhlov, head of administration of Moscow Oblast, was elected chairman of the Alliance of Governors of Russia. The Alliance, according to its declaration, supports the decisive actions of the President directed at preserving, accelerating and developing the reform process. The Governors of Russia believe that at the present time it would be fatal to the cause of reform to make any kind of mass personnel changes in the organs of executive power, or replacements in the Government of Russia.

In addition, the alliance proposed that the Supreme Soviet agree on the candidature of Yegor Gaydar for confirmation by the Congress in the post of Prime Minister of the Russian Federation, and that they bring into accordance with the Constitution the Law on the Council of Ministers of the Russian Federation adopted 12 November 1992.

The declaration notes that all of the efforts of the President, the Government and the executive authorities for conducting reforms have been significantly hampered by the conservative faction of deputies in the Supreme Soviet and Soviets at other levels. Such actions of parliament as the adoption of the draft Law on the Government testify that it is maintaining its course for further restricting the rights and powers of the executive authorities throughout the territory of Russia. And this, the declaration stresses, is in conflict with the constitutionally-established principle of separation of powers.

RCWP To Hold Conference in Chelyabinsk

934C0361B Moscow PR UDA in Russian
18 Nov 92 p 1

[Report by Sergey Ryabov: "And the Second Congress in the Urals"]

[Text] The second stage of the Founding Congress of the Russian Communist Workers' Party will be held in Chelyabinsk, 5-6 December. Contact telephones: Chelyabinsk (42-39-83, after 18:00), St. Petersburg (246-18-40)

Gorbachev's Intention To Run for People's Deputy in Urals Reported

934C0361C Moscow KURANTY in Russian
23 Oct 92 p 1

[Interview with Mikhail Gorbachov, by Aleksandr Krug, "A Trial Balloon for the Ex-President?"]

[Text] MOSKOVSKIY KOMSOMOLET published a note, without signature, which asserted that Mikhail Gorbachev has decided to offer his candidacy for people's deputy of Russia.

Moreover, not just anywhere, but in the home territory of his inveterate friend, Boris Yeltsin—in the Urals. The source of the sensation? "Unofficial information, received from Yekaterinburg."

This note was intended for the ex-president of the USSR, which he found highly amusing and even brought forth robust laughter.

[Correspondent] Are they lying once again, Mikhail Sergeyevich?

[Gorbachev] It's an absolute fabrication. First of all, the idea has never even entered my head. Secondly, no one has approached me with such a proposal; that is, recently. About three months ago there was something

like this. It seems that a few deputies of the Supreme Soviet asked why should I not get involved in the election campaign.

[Correspondent] Right, and why shouldn't you?

[Gorbachev] It's hard to say. But to put it bluntly—you see, I do not play any kind of political games. The fact of the matter is, I have no plans at all for returning to real power. I have become keen on the work of the Fund for Socio-Economic and Political Research. Here, it is true, someone has "hemmed me in." I am now getting a mass of appeals from those who support the idea of the fund. We have not been involved in any kind of profit-making ventures, and I would ask that KURANTY publish our budget.

Gorbachev has appealed on television to O. Poptsova, asking for air time to respond to accusations against his fund heard on television. She is considering his request at the present time.

Social Unrest, Strife Within Kuzbass Government Noted

934C03641 Moscow NARODNYI DEPUTAT
in Russian No 14, 5 Oct 92 p 35

[Article, to be continued, by A. Zolotikh, R. Simonyan, special correspondents of NARODNYI DEPUTAT, Kemerovo Oblast: "The Restive Working Days of the Kuzbass"]

[Text]

1. Power

It seems, quite recently the most outstanding, influential, and formidable political force in the Kuzbass was the miners' strike movement. Like a tsunami [tidal wave], as though risen from nothing, it powerfully and resoundingly rolled through the coal country, rolled up to the capital, and poured destructively through its bureaucratic stories. The movement succeeded in pretty well shaking up the power structures in the provinces and in delegating to the representative organs of power of the various levels of its deputies. And what is perhaps the main thing—in attaining the solution of their economic and political tasks. The coal enterprises finally after all received complete independence—not without assistance from the miners, the much-hated union center was destroyed.

But, having attained what it wanted, the miners' movement, evidently, had exhausted itself and quickly began to subside and fade away quickly. Only the workers' committees still operating in the mining towns, where they languish, not knowing what to do with themselves, one or two who gave up the salty work in the coal mine to become a functionary, remind one of the former all-encompassing and also highly-organized force that had spread through the streets and squares.

Nevertheless, it is a long way to peace and prosperity. Only this time it is teachers, physicians and pensioners who are the ones who are disturbing the peace. They do not let the people of the Kuzbass and the leaders of the representative and executive organs of power become bored. Constant clashes and collisions between them attract general attention. This is what people talk about in the queues in stores, in trolleybuses and buses. This is what they write about in newspapers, report on radio and television. And not a week passes without more food for gossip being tossed about by the Oblast Soviet and the oblast administration.

But it would appear that the dragged-out explanation of relations has already pretty well worn out the inhabitants of the Kuzbass, and they increasingly often raise the question: "Well, why is Tuleyev squabbling with Kislyuk? When will they start to work hand in hand?"

As a matter of fact, what is that the chairman of Kemerovo Oblast, Aman Tuleyev, and the head of the oblast administration, Mikhail Kislyuk have not shared? What is the reason for their continuous conflict?

During numerous meetings and discussions with deputies and directors of the oblast and a number of city administrations we heard various opinions on this account. One of them is the following: The reformers and democrats from the administration are faced with obstinate resistance on the part of conservative party officials [partokraty] from the oblast soviet.

At first glance, a seemingly correct judgement. In the Oblast Soviet there are quite a few descendants from the old nomenklatura range—former secretaries of gorkoms and raykoms of the party, executives of the obkom, and important economic managers. But, you know, there are enough of them also in the oblast administration. Some of the former party officials did not even have to leave the obkom offices made habitable by them a long time ago. This has given the local wits the occasion to nickname Kislyuk's team the "obkom of the administration."

It goes without saying, the temptation was great to put at the levers of executive power fighters tempered in the meeting and strike stadiums. But, evidently, the logic of life suggested that the ability to give an eloquent and inspired speech and the ability to bring people into the streets and squares is by no means identical to economic sharpness and experience in organizational work and to the ability to gain a good understanding of certain sectors of industrial production. So that will-nilly preference had to be given to the old, competent cadres.

Be that as it may, but the local parties and organizations did not grow into shoots of talented and experienced organizers. Since they themselves proved to be in an embryonic state. Which, incidentally, is characteristic also of the other regions of Russia. For this reason, not only in the Kuzbass, but everywhere in the provinces for a number of years to come, evidently, a spillover will take place, a redistribution between the power structures of the old nomenklatura officials, who rose on the

pre-perestroika yeast. But perhaps there are no reasons to assert that in Kemerovo there is a confrontation between democrats from the administration and party officials from the Oblast Soviet.

There is hardly any sense in talking also about the confrontation of ideas on the level of the two branches of power. True, people may object to us: "Did Aman Tuleyev not show himself to be an opponent of the reforms at the Sixth Congress of People's Deputies of Russia? Did he not demand the dismissal of Yeltsin and the government?"

Yes, he came out with a sharp critique. But not of the reforms as such, but of the government policy of "shock therapy," which has led to the impoverishment of the people. Moreover, in criticizing the "free fall" into the market, he defends no less resolutely whatever small centers of entrepreneurship there are in the Kuzbass. About which we have repeatedly heard from representatives of private business. He is for the market, but for the kind that will not within an hour lead to protests of hundred of thousands of people.

There is still another view of the nature of the confrontation of legislative and executive power—this is a conflict of two individuals. Certainly, not without this.

Mikhail Kislyuk. Several years ago, he worked at one of the open-pit coal mines of the Kuzbass. During the miners' strikes he resolutely and unreservedly took the side of the miners. He became a member of the Oblast Council of Workers' Committees. He became one of the ideologists of the miners' movement. He was elected a deputy of the Supreme Soviet of Russia and the Oblast Soviet.

Aman Tuleyev. He began his work biography as a switchman at one of the minor railway stops, then became assistant station-master. Went through all the rungs of the service ladder—up to head of the Kemerovo Railway. When perestroika was already in full spring, he was invited into the party obkom to head a department. He had to take up the same thing he had done before: The organization of transportation work. True, now already of all its types. Also a deputy of both the Supreme Soviet of the republic and the Oblast Soviet.

Different life and management experience, different work and ideological start. Different also the paths to the top of oblast power. At first, when Kislyuk got ready for a threatening gesture at Tuleyev, this nevertheless did not prevent looking for and finding paths to agreement. However, it was worthwhile for the former deputy to become the head, as everything went to rack and ruin. Why?

It is difficult not to agree with those who believe that this happened only because the President did not coordinate ahead of time the candidacy of Kislyuk with the local Soviet. Moreover, the new head was not even presented

to its deputies. How did the representatives of the elected organs of power perceive this? What did they think?

Correct, they perceived it as extremely negative. Naturally, they thought that their opinion was scorned, that their legal rights were ignored (for all that, according to the same presidential ukase, the candidacy of the head of the administration is coordinated with the Oblast Soviet). And how did Mikhail Kislyuk assess the creation of the administration and his appointment as its head? It goes without saying, as an alternative to the representative organ of power existing in the Kuzbass. And he did not conceal this in the least.

Here is what he stated to the correspondent of *ROSSIYSKAYA GAZETA*: "We are not an executive organ of power of the Soviet, we are, to put it simply, the President's people, resolved to carry out his will. And this will, understanding in its own way, the administration began to implement with very great zeal, not coordinating decisions with the representative power, ignoring the opinion of the deputies, and acting frequently contrary to legislation.

Let us say, Kislyuk issues an order "On the Organization of Executive Power in the Oblast During the Period of Radical Economic Reform." The Oblast Soviet is resolutely against. Since the Law on Local Self-Government in the RSFSR does not give the head of the administration right to form the structure of executive power as he thinks best. This is the prerogative of the Soviet. The procurator of the oblast is compelled to introduce a protest in connection with the excess of powers—and the unlawful decision is repealed.

But here in the depths of the administration, the next order arises—on the formation of a fund for the social protection of the officials of the administration. And again a violation of the laws. Since the creation of funds is the exclusively within the competence of the Soviet. Which the latter did not fail to remember. In so doing, not everything was smooth from a moral point of view. At the time when the overwhelming part of the population of the Kuzbass found itself in need, the bureaucrats took it into their heads to look out for their own well-being.

In its turn, the administration, too, did not miss an opportunity to "catch up with" the Soviet. The latter, for example, decides to compensate teachers and physicians for the lag in their wages, but the executors say, no money has been earmarked for such an item of expenditures, look for it where you like. And the deputy found it, having increased the tax on profit. This made it possible to receive more than 100 million additional rubles in the oblast budget.

It seemed, the Law on the Oblast and Kray Soviet and the oblast and kray administration that went into force should have cooled the passions. However, on the

contrary, the battle between the Kuzbass "legislators" and "executors"—who is more important—flared up in earnest.

There was an intensification of mutual attacks and reproaches, accusations and defamations. This was also stirred up by the local mass media. Since here, too, a sharp division occurred. The administration succeeded in becoming a founder of the local radio and television station. *NASHA GAZETA* was in its hands. It was supported by the youth publication *KUZNETSKIY KRAY* and several other publications. The Oblast Soviet, too, did not remain without its own printed organ. It began to publish *NOVOSTI KUZBASSA*. As a result, the public exchanges of fire and attacks greatly heated up the situation in the coal country.

And when from the center the idea was dropped that the Soviets have completely outlived their usefulness and they should be eliminated as quickly as possible, the openness of the head of the oblast administration manifested itself again. "But why, there is no need to do anything with the Soviets. They are doomed and will fade away by themselves."

The Oblast Soviet, naturally, reacted angrily to this declaration and came out with a legislative initiative in the Supreme Soviet of Russia. What did the deputies propose? To think through the legal regulation of the mutual relations between the Soviets and the administrations. Incidentally, this problem up to now has not been resolved.

Moreover, in the Kuzbass a Congress of People's Deputies of all levels—from the oblast to the rural—was created.

"What was the need for it," we asked Aman Tuleyev.

"It was necessary," the chairman of the Oblast Soviet replied, "as a form of support for democracy [narodovlastiye], as a method of preventing the further discrediting of the representative organs of power. Incidentally, the congress adopted a resolution in which there are two extremely noteworthy points: Strong support of the Soviets and accountability of the executors to the legislators. Running ahead, let us say that at the end of the past winter a congress of the Soviets of Siberia took place. Quite a lot has been said and written about it. And of what only did they not accuse its initiator Aman Tuleyev and the chairmen of the Oblast Soviets of Siberia. Of a "creeping" putsch, of unbridled separatism, and of the desire to mess up [razvalit] Russia. But, it seems, they did not note the main thing: The fact that the participants of the forum, above all, tried to defend the organs of representative power, and thereby—democracy.

Well, what of the situation in Kemerovo? Has it become less tense after the deputy meeting? Not at all. The confrontation has become still more rigid, more irreconcilable.

And then the question of confidence in the head of the administration of the oblast was put on the agenda of the regular session. And prior to this, a deputy commission conducted an investigation of the circumstances of the appointment of Mikhail Kislyuk as head of executive power. And it "dug up" unsightly facts.

It turned out that the opinion of the workers' committees—and it is from their submission that the President made his choice—was knocked together in an off-hand fashion. Some signatures on a telegram to Staraya Ploshchad were forged.

The session turned into a grandiose scandal. With noise, shouts, accusations, interruptions in its work for several weeks, and with repeated attempts of Tuleyev to resign as a sign of protest against the discrimination of the Soviet and illegal appointment of the head of the local administration. In the end, everything concluded with the expression of no confidence in Kislyuk.

What did this change in the arrangement of forces? Yes, in general, nothing. Kislyuk continued to work as if nothing had happened, and the level of relations between the powers reached the utmost acuteness. The parliament of the country tried to reconcile them, but nothing became of this undertaking.

In one hall, the legislators continued to meet, in another—the executors. At times the very same questions were examined and decisions were made in regard to the same problems. And no attempts were made to coordinate their positions and actions, to establish mutual understanding. The only connecting thread were the couriers. The favorite form of exchange of "courtesies" was the introduction of protests.

Mikhail Kislyuk changes the head of the department of education recently confirmed by the Oblast Soviet. And at once a protest is ready. He tried to brush it aside. However, the unjustly dismissed individual turns to the court and is reinstated in his former place of work. The oblast administration decides to grant tax benefits to the "Karboli" Scientific Production Association. A routine reciprocal step of the representative organ.

But why did the "eye of the state"—the representative of the President in the Kuzbass, Anatoliy Malykhin—doze serenely? Why did he not intervene in the conflict? Why did he not strive to assess the concrete actions of the sides, being guided by the laws on local self-government, on the oblast and kray Soviet, and the oblast and kray administration?

Perhaps because of the uncertainty of his legal situation—the status of the representative of the President was unclear until very recently, and possibly because of too friendly a disposition toward the head—they started together in the workers' committee, but the role of arbiter did not come off with Malykhin. And to tell the truth, given the structure of power in the provinces that has taken shape, the representative of the President has proved to be a superfluous third. He does not have a

precisely outlined sphere of rights and duties. He does not bear any responsibility for his conduct and actions.

Meanwhile the legislators and executors are conducting exhausting political battles, reinforcing them with reciprocal searches for a way to discredit each other. First there surfaces the unseemly story with the distribution of apartments in a prestigious house in the center of the city, then facts of the illegal distribution of cars are revealed. . . .

But was it only in Kemerovo that the separation of powers expressed itself in endless explanations of the relations and constant clashes? By no means. In spite of the uniqueness of the conflict in the Kuzbass—the head of the administration was appointed without the consent of the representative organ of power—in essence it is, unfortunately, typical. Tula, Khabarovsk, Saransk, Krasnodar. . . . Here is a by no means complete list of places where the relations between the two branches of power are taking shape in a very complicated manner.

With all the attractiveness and sensibleness of the idea of the separation of powers, its practical realization turns out to be rather painful and dramatic. Who will manage to announce himself as the most important? Who will be able to seize greater powers? These questions, to the detriment of the cause, occupy not only the highest power structures in the capital of Russia, but also the provincial ones.

Of course, if there were a strong and independent third power—the judicial power, all of these questions and reciprocal claims would be transferred to legal ground and would be quickly cleared up. But for the time being we are far from this. The courts frequently simply do not make up their mind and even refuse to investigate the rivalry of the legislators and executors. Given today's depressingly low level of legal culture, it is difficult for them themselves to find a common language. This leads to the fact that to the present crisis situation in the economic and social spheres a crisis of authority is added.

Last spring, sociologists of Kemerovo State University conducted research on the subject of "power." And they obtained sombre facts. Confidence in the power structures in the Kuzbass, in spite of the high personal rating of Aman Tuleyev, is steadily falling. The majority is alarmed by the conflict between the oblast Soviets and the oblast administration and believes that this has a negative influence on the socio-political situation in the region. Moreover, the research showed that both the population and an appreciable part of the representatives of the organs of power do not completely realize the necessity of a clear separation of powers and functions between the Soviets and the administration assigned in the corresponding laws.

Moreover, recently, it seems, both deputies and officials of the administration have begun to understand the hopelessness and destructiveness of a gamble on confrontation, the necessity of a strong power. From time to

time disputes and dissensions still flare between the Soviet and the administration, but relations through couriers are becoming a thing of the past. The heads of the administration have begun to appear at the sessions of the Small Soviet. Moreover, they receive the agenda for the sessions in good time. Thus, there is the possibility to make their proposals. The practice is beginning to take root of the preparation of the solution of any problem by the administration itself with its subsequent discussion in the Small Soviet. At the beginning of the summer, a general oblast seminar was held on problems of privatization, and for the first time in many months Aman Tuleyev and Mikhail Kislyuk sat side by side behind a common table.

This, of course, is far from solid peace and agreement, but merely a fragile equilibrium attained with considerable work. An equilibrium that is frequently destroyed by not well-considered actions and decisions. But there is hope that an aspiration for agreement and cooperation is looking through the agonizing confrontation and game of ambitions. The Kuzbass needs this very much. All the more so since an extremely alarming situation in its economy is taking shape. But about this in the following material.

INTERNATIONAL AFFAIRS

Bakatin Urges Economics Over Politics

934C0373A Moscow NEZAVISIMAYA GAZETA
in Russian 14 Nov 92 p 8

[Article by Vadim Bakatin: "Was There a Victory? No. And It Is All the More Pointless, Having Divested Ourselves of the Burden of the External Cold War. To Switch Energy to Internal Confrontation"]

[Text] The transition or, more precisely, the declaration of a transition from a party-state system to democracy and the market has devalued not only the ruble but professionalism also. I am not talking about the miner or the dentist, of course. Ideology does not influence the ability to dig coal or care for teeth. The professionalism of those who are employed in policy, the economy, management, finances, the health-care system, diplomacy, and so forth is another matter. Yesterday's professionals of the system are severely mistaken here if they consider themselves already fit for democracy and the market. "Fit, but not trained." This is, most likely, obvious. I speak about this only to justify also my just as unprofessional view of certain aspects of our politics. The grounds for this conclusion are a recent trip to the United States.

1. I was mistaken in believing that I had a good idea of America. The United States and Americans proved far more complex and interesting. Europe is, clearly, more comprehensible and closer, but now, at the crossroads, when, doing little enough, we are, nonetheless, dreadfully afraid of imitation, I am convinced that we should be taking a closer look at the United States. Precisely in

order to avoid the fruitlessness of blind emulation we need to study this young dynamic body politic, unique in human history, the regularities of its development and its mistakes, merits, and shortcomings. Americans are an open, sincere nation and are ready to help here.

But nor is it hard to see that Americans know Russia even less well than Russians know the United States. Such is the inevitable legacy of the cold war. And this also needs to be rectified. The American and former Soviet propaganda machine operated on collision courses, fostering in their citizens fear and hatred. It can easily be seen that this was unsuccessful. But, then, nothing passes without trace. In addition, there will always be politicians living as parasites on the old stereotypes and successfully passing them off as something new inasmuch as there is really no new policy of cooperation as yet.

America was at that time absorbed in the election struggle. It was not difficult to see that success or defeat on the political Olympus would depend directly on the state of the economy. One involuntarily thinks that if politicians in prosperous America with "developed capitalism" cannot disregard the economy, how it should be nursed by our leaders in a disoriented country which is a long way from prosperity. After all, even according to Lenin, not at all forgotten as yet, the economy was our "main policy" in the building of socialism and will remain or become such in the "building of capitalism" also. More precisely "become," most likely, for all that, for this Leninist "precept" was not realized. Not the economy but ideology was our main policy. The economy, like much else also, was sacrificed to it.

Communist ideology has been rejected, but policy, in accordance, possibly, with another Leninist precept now, continues, for all that, "to take precedence over the economy."

2. Not having at the first attempt found a path, comprehensible to people, toward an efficient social economic system, the executive and legislative and local and central authorities, instead of seeking this difficult path together, fell out and once again ran to "policy," resembling, as A. Aslakhonov put it, spiders in a jar. In these political "tragedies and comedies," diverse in terms of screenplay and producer, anything could happen. The congress "eats up" Gaydar, or the president "eats up" the congress. Even if Little Red Riding Hood eats the Big Bad Wolf, a "happy ending" is possible only when politicians cease to engage in self-abasement and self-promotion and forget, if only for a while, their "ideologies" and involve themselves in difficult but necessary routine practical work and the creation of a new economy. And, what is most important, enthuse with this the majority of the people. Then no impending congress would frighten anyone and could prove useful even.

The same applies to foreign policy also. Policy for policy's sake, policy for the elect and the initiated, is not

needed now. Opportunities have now emerged for subordinating foreign policy also not to the glorification and affirmation of ideology but to the economy.

Of course, such down-to-earth pragmatism and simplification will evoke justified indignation. "Not by bread alone!" Russia has higher interests. Yes, it does. And what are they? Watching over human rights and justice, preserving integrity, not overlooking disturbances of the balance.... Yes, of course. Who would argue? There are few countries without such interests. But just declaring them is not enough. They need to be realized. And there are more opportunities here when the power of the state is gauged not only by the strength of the armor but the firmness of the currency also.

3. In the United States one has a better sense that the world has changed, that the cold war has ended. Why better? Most likely because they themselves are only just about to change. For them the end of the cold war is connected with the changes with us, with the end of our party-state system. Not necessarily with the end of the Union but necessarily with the appearance of potentially qualitatively new authorities in Russia, Kazakhstan, and Ukraine.... We in our country are experiencing a mass of complex and, at times, contradictory feelings—from despair to hope. In this chaos of struggle for existence we get a poor idea of the fact that the world has become totally different. And it is very painful for our great-power strong-state advocate to hear the statements of certain U.S. politicians concerning victory in the cold war. He should be reassured. There was no such victory.

Not once in the United States did I encounter objections when I declared that it was only possible to speak of "victory" in the cold war conditionally, with regard for an understanding of the difference between historical analysis and election rhetoric.

No one conquered anyone and no one lost to anyone. What was condemned by history to fall apart fell apart. Gorbachev let the genie out of the bottle, and what had been contrary to man's nature and had been kept afloat by lies and coercion collapsed. But what lies ahead is not a holiday, for the United States either, but new problems, for which, as it has unexpectedly turned out, not everyone was prepared.

Just recently even two superpowers, two blocs, kept one another and the world in a state of tension. Now this bipolar field, which had imparted to the world a distorted configuration, has fallen away. The political map of the world has become complex, but the world has hardly approached the desired unity and harmony.

4. With the elimination of the threat of global nuclear war possible spheres of cooperation have expanded, but the political will and the motives to cooperation have weakened. Different, qualitatively new impetus reinforcing the conviction that there is no alternative to cooperation is needed. But this path is not, unfortunately, simple. And we must be as attentive as possible

under the conditions, favorable in the long term, but unpredictable today, of a changing world.

Where are the guarantees of protection against militant extremism and the accidents of possible chaos in the objectively inevitable interregnum period to be found? Only in institutions of the United Nations?

Will not regional nationalism develop into a general epidemic of nationalism?

Will not the aspiration to integration weaken? And how is what will for a long time bear the imprint of another world, the "anti-world," be integrated?

How to combat the inertia of thinking, the mistrust, the habit of measuring everything by primitive ideological clichés?

How, finally, to overcome the healthy egotism of free enterprise, which is either by its own hands to contribute to the conversion of Russia, Ukraine, Kazakhstan, Uzbekistan... from bad markets into good competitors or...? There can be no alternatives here.

Perhaps there are no problems here for professional diplomats, and they will say that I am reinventing the wheel. Possibly. Possibly, the discriminatory Cocom [Coordinating Committee for Multilateral Export Controls] restrictions have already been lifted. Possibly, we have a good idea of our place in the world trade agreement which is being prepared. Private investors are already struggling for the Russian market, perhaps?

More complex questions could be piled up also. And although complex questions have no simple solutions, it would seem to me that for us the general principle is simple. And it is not new either. Just as in internal affairs also, the emphasis should be on practical routine work. "It is up to the drowning people to save themselves."

We could continue to regret the fact that the problems of peace following the cold war were not reckoned up in advance, but it is more practical to simply undertake the elaboration of foreign policy and domestic policy coordinated therewith by making our economic interests paramount.

5. There was recently an informal meeting in the Reform Foundation with representatives of respectable international firms. It was distressing to hear in response to upbeat appeals for investments with the promise of our assistance stories of the horrifying ethics of Russian bureaucratism and corruption and lack of practical expertise. But one could rejoice for Kazakhstan, where the realism and practicality of Nazarbayev's team have proven far more attractive than the political respectability and the practical fruitlessness of our reformer economists.

Gaydar's team was undoubtedly mistaken at the start of 1992, having put the emphasis on free prices, "expensive money," and a deficit-free budget, disregarding the decline in production, the creation of a class of small

proprietors, social protection, and measures against the criminalization of the distribution sphere inevitable in this situation. But they cannot be reproached for this. They should be reproached for just one thing—for the mistake of stubborn nonrecognition of their mistakes. And once again here a relapse into Bolshevik stereotypes, according to which politicians, having taken power, do not acknowledge mistakes. Professional economists are another matter. Even in the far-off United States I met analysts who understood full well that there had not yet been in economic science and practice a task of comparable difficulty—creating after 74 years of “socialism” a postsocialist market of free entrepreneurs, such a one, what is more, in which everyone is content. There simply cannot be such a thing. But, nonetheless, the majority should be, if not content, at least confident as to its future—the actual and immediate tomorrow. Otherwise no political stratagems and incantations will help.

Policy should be subordinate to the economy. Ultimately by the trial-and-error method even, but an honest search, comprehensible to people, for a way out of our general deadlock is essential. It is pointless to waste the energy, time, and intellect of power on a struggle “for the congress,” “for Gaydar,” “for the newspaper,” “for the security” and so forth. It is better to expend them on unification for survival and the success of the difficult reforms.

Prospects for Russian-German Relations Assessed

934C0350A Moscow NEZAVISIMAYA GAZETA
in Russian 5 Nov 92 p 4

[Article by Daniil Proektor: “Russia and Germany: What Is Next?”]

[Text] **Relationships between the two countries are entering the “third” phase**

“There can be no talk at all of a cooling of Russo-German relationships,” the Russian and German ministries of foreign affairs told journalists after the German minister’s recent visit. Very good. Actually, there can be no doubts of the good feelings toward us of most of the German people and government, which recently announced once more that it will support our reforms. “There is wide agreement between Germany and Russia on the major international problems,” said Ministry of Foreign Affairs Kinkel on his way to the Russian capital. “Both states bear joint responsibility for Europe.”

And still one cannot dismiss the feeling that something new is happening that impels the ministers to refute some unnamed person.

We are entering the third distinct postwar phase of relationships with Germany, if the first is counted as the Adenauer era, the second the 20-year era of the “new Eastern policy,” which Willy Brandt started and was consummated by Germany’s unification.

This goal, which was the highest national task of the Germans, has been reached. With our decisive support. For which sincere nationwide thanks were expressed to us. In words and in deeds. We have received from the Germans since 1990 and through the spring of 1992 DM73.1 billion (in comparison with 7.3 billion from the U.S., 4.0 billion from Japan, 3.6 billion from France, 0.2 billion from Great Britain, and so on, and here by no means do I want to say that they were obliged to pay us more.

In the relationships between our country and Germany there have been too many “crucial stages” and errors. Sharp ups and downs in pressure have constantly alternated, and each has caused a political shock. It is clear that Russia and Germany always will be tied together, as two European neighbors that are great by any measure. It is also clear that for Germany we are a potentially boundless market, and for us Germany is a most modernized and rich society, the source of the newest technology and skills.

But if, prior to the start of the nineties, these constant interests were supplemented by the political magnetism of German reunion, the key to which, according to a recent assessment of German analysts, “lay in Moscow,” then this magnetism can become a museum exhibit.

Of course new interests arise: the fate of the Russian Germans, observance of the schedule for withdrawing Russian troops, mutual action in international organizations, compensations for the victims of Nazism, an exchange of cultural valuables that had been stolen during the war, and so on. But the scale of the problems, despite all their relevance, are not of the same scale.

I do not want to say that a “cooling off” has broken out. At the moment it is something like the coolness after a hot summer, when the harvest has already been gathered. And now some of our neighbors and even, I dare to suggest, our friends, sometimes look at us as they would at the rich man in the famous Chailinskiy film who, after having sobered up the next morning, is surprised: what kind of a poor devil is it that turned up beside him in bed?

No one can determine our future with precision. Chaos in the economy, collapse of the state, and strong opposition to the reforms at all levels, including parliament, lead to the conclusion that, as an eminent German Soviet watcher writes, there there is a “limited compatibility of West European culture with Russian traditions.”

Moreover the dread grows that, as a result of the collapse of empires, a loss of political control over weaponry of mass destruction, a large-scale “resettlement of peoples” from the East, and a general loss of law and order can occur. Our image is reduced by the influx of criminal elements, the allying of rightist-radical forces with Germans, the irresponsibility of some companies, and the bureaucratism and corruption, which are the talk of the town.

But all this is just one side of the matter. The other is associated with the situation in Germany. Everyone knows it: you have been getting ready for something for a long time, and when it comes you are caught unawares. General Stessel, in preparing to defend Port Arthur, considered 20 versions of possible attack by the Japanese. But they struck with the 21st.

The Germans have been preparing carefully for unification for a long time, and the political scientists considered all kinds of variants. But no one imagined such precipitousness as the events of the autumn of 1990, and they were not ready to meet such a deplorable economic state as the former GDR's. Reforms in the eastern lands proved to be a much more difficult matter than had been supposed. Bonn came to the conclusion that the GDR is a "land in ruins." Its VNP [gross national product] was comparable with the FRG's VNP only of 1954.

By 1995 more than DM350 billion will have been spent on integration of the eastern lands. The more than a million unemployed, the collapse of trade with the CIS, the intensification of social problems, the outbreak of chauvinism and racism, and a mode of mass thought deeply unlike Western thought—all this also weighs down on Germany's foreign policy and limits collaboration with us.

At the same time Germany understands quite well that Russia sooner or later will perk up after its experiences and torments, that it will play a role in the CIS, and that even right now, as a member of the UN Security Council, it is one of the guarantors of world order. Moreover, there is in our relationships a special historical background, a mutual gravitation toward each other, and a mutual supplementation of our peoples. It is not for nothing that Germans have written about a certain "mystique of the Russo-German love affair."

So can one talk about the start, so to speak, of a new "New Eastern Policy for Germany? Something possibly is changed, but exactly what it is will become clear in the not so distant future, especially because of the forthcoming visit to Moscow of the German Chancellor.

It is obvious that this will be a new stage. Its prospects depend primarily upon how the internal situation develops. Success of the reforms and progress in the unification of Germany and of Europe will provide a stimulus for a new rapprochement and collaboration with the Germans that is advantageous for us.

In case of deep social shocks, the victory of reactionary dictatorial antidemocratic forces, a massive "resettlement of peoples," and a civil war, then Germany and Europe, including Eastern Europe, not only will be aloof from us but a "new Berlin wall" somewhere along the Polish border will also partition us off. We shall not endure a new version of the Cold War forever.

Foreseeing this threat, Germany, like the whole world, is interested in our democratization. They will cooperate

with us in this "to the bitter end." But Germany, by virtue of the reasons set forth above, may do so more than the others.

For our politics, we must have good relations with all states, but the priorities are with the West, not only with the U.S. but also in a growing degree with Europe, which is uniting and will soon be made into an especially powerful world center of strength, with a German-French nucleus.

To a great extent the fate of Europe is in our hands in the foreseeable future, in the sense that if our destabilization and our deep crisis are not ended, they will be capable of changing the face of the world.

Apparently the next stage in our interrelationships, a cooler and more tranquil one and, perhaps, a firmer one, should be perceived as a reality, and we should try to retain the steps achieved, small as they may be, and take even more steps: to the extent possible, expand the market for Russian exports to Germany, provide finally for guarantees of capital investment, make efforts to attract German business, and make progress in overcoming the bureaucratism and unprecedented bribery that are frightening business people away.

The problem of the Russian Germans should be resolved finally. Kaliningrad Oblast can be an example of Russo-German cooperation. The time has long come to solve the problem of renaming it, as well as the city, which are related to each other, with the name Kant. On the other hand, one cannot help but note the disgusting Neonazi demonstrations in Germany, which we must assess.

Combining our and German national interests organically is the basis for future mutual actions. Forecasting and coordinating these interests must be done mutually. In particular, it is necessary: to consider the German striving to have a reliable foothold in the East—in Poland, the Baltic, Ukraine, and Russia, which makes us important, and in our turn the adjustment of stable friendly relations with the countries of Eastern Europe and the Baltic; to bring order to the ZGV [State Force Abroad]; to observe the schedule for the withdrawal of troops; to monitor the flow of refugees to the West; and to nip in the bud the emigration there of criminal elements.

Times of opposition and war have distorted our historical memory of Germany, as theirs has of Russia—for past generations of Germans and Russians it was powerful and productive. It must be painstakingly restored with all available spiritual and material means.

And if history, as a result, will go again along the sad path of isolation from the rest of the world and of counterreforms, then at the end it would be like the "angels trumpeting" the consequences so clearly described in the Apocalypse.

Changing Status of Relations With Taiwan Examined

934C03494 Moscow *NOVOYE VREMYA* in Russian
No 42, Oct 92 pp 42-45

[Article by Aleksandr Chudodeyev (Taipei-Moscow): "A Wonderful Land That the Senior Brother Has Not Set Foot On"]

[Excerpts] **The USSR has rejected any contacts with Taiwan. Russia is not averse to arranging for them but this should be done in a way that will not anger Peking.**

Moscow dotted all the "i's" on the "Taiwan question" on Wednesday, 15 September 1992. Boris Yeltsin signed the edict, "Relations Between the Russian Federation and Taiwan." Now, the journalists have joked, Taiwan can be included in the Guinness Book of Records, since there is no other territory on earth about which two "great powers" have adopted state edicts, first the United States and now Russia.

Finally, Moscow has begun to construct its relations with Taipei in accordance with the American model—to recognize officially only one China, in the person of the Chinese People's Republic—and simultaneously to develop unofficial contacts with Taiwan.

The unusualness of the edict lies in the fact that, in essence, it abolishes the preceding Presidential order of 3 September about creating a Moscow-Taipei Coordinating Commission on economic and cultural development, which right away imparted an official nature to contacts with Taiwan. Peking quickly registered a protest.

Oleg Lobov, chairman of the Consultants' Council under the President of Russia, put Yeltsin in an awkward spot. For practically a whole year Oleg Ivanovich had been preparing the soil for creating this commission, but in so doing he did not think it necessary to inform the Russian MID [Ministry of Foreign Affairs]. The Lobov embarrassment nearly caused a diplomatic scandal for Yeltsin on the eve of the latter's visit to Peking. [passage omitted]

The Repentance of the 'Leader of All Peoples'

[Passage omitted]

On the eve of the liberation of Nanking the Soviet Union was still supporting diplomatic relations with the Kuomintang government. When Chiang Kaishek did not hold out in Nanking and moved the capital to Hangchow, Soviet Ambassador Roshchin transferred the embassy there.

In one of his conversations with an American journalist, Zhou Enlai criticized the 1945 treaty between the USSR and Chiang Kaishek's government. In Zhou's words, this document gave the Generalissimo "such confidence in his forces that he unleashed an anti-Communist civil war." Mao Zedong, in turn, repeatedly criticized Stalin

for "not allowing the Chinese to complete the revolution, not trusting the forces of the Chinese Communists, and demanding that a truce be made with Chiang Kaishek at all costs."

"The leader of all people" at that time clearly was vacillating: he did not know whom to count on in China. Stalin feared that Mao would be a second Tito and guide China along Yugoslavia's path. In conversations with Soviet representatives before and after the revolution, Mao Zedong several times bewailed the fact that Stalin considered Kominterners to be his own and Mao a "right opportunist." In lesser degree, Stalin felt distrust for Chiang Kaishek, considering him a "protege of American imperialism."

There was also vacillation in the White House at the time. It is well known that right up to the proclamation of the KNR [Chinese People's Republic] the Americans did not reject contacts with the KPK [Communist Party of China]. After the liberation of Nanking, the U.S. ambassador was not evacuated with Kuomintang personnel but remained in order to discuss the possibility of establishing diplomatic relations with the new power. Nevertheless, when, on 28 April 1949, Mao Zedong sent to a message to Washington with a corresponding proposal (to make a break between Washington and Chiang Kaishek), the White House reacted negatively.

Apparently the United States could not act otherwise—by that time the "Cold War" had been launched in all directions. From President Truman's point of view, Stalin had launched a frontal assault on the "Free World's" position and it could be stopped only by opposing the conductors of Soviet influence—all communist parties without exception, including the KPK.

The choice was made—Moscow gave the "go-ahead" for Peking's proclamation of the Chinese People's Republic. In answer to this, ships of the U.S. 7th Fleet entered the Taiwan Strait, and shortly afterwards Taiwan was declared to be an "unsinkable aircraft carrier" for America. In order somehow to smooth over the personal enmity between Stalin and Mao, the Soviet leader in a conversation with KNR Chairman Liu Shaogui admitted: "We interfered and hindered you, and for that reason I am experiencing pangs of conscience...."

'Keep to One Side'

After that Moscow stopped looking at Taipei's side entirely, counting on the Communist Chinese. But at the end of the 1950's the "fraternal relations" between the CPSU and the KPK were split. The USSR sought ways to get closer to the West and advocated "peaceful coexistence of the two systems." Peking proposed to orient itself to revolutionary war "to test the forces, and then to return to construction." In so doing the "great helmsman" declared that great sacrifices should not be feared—"if it turns out that half of mankind is destroyed, then there will still be half, and then imperialism will be destroyed completely." At the time of

Khrushchev's visit to the KNR in 1959, he openly called Mao's views "childish prattle."

Mao Zedong insisted that tension is advantageous for socialism and disadvantageous for imperialism, and that the people "must prepare for war, dig deep tunnels, and store grain." In 1958 the chairman of the KPK Central Committee exacerbated the situation with the Kuomintang in Taiwan Strait, explaining his step to Moscow in precisely that same spirit.

The actions of the "junior brother" provoked enormous displeasure in the "senior" one. The Kremlin thought that Mao wanted to draw Moscow into a conflict with the U.S. and to impose his will in this way. In the final analysis, the disagreement between the "brothers in ideology" led to the disruption of interparty ties, and in 1969 to interstate armed encounter. The KNR leader named the USSR "enemy No 1, which tried to conspire with American imperialism." Soviet leader Brezhnev declared at the 25th CPSU Congress: "We shall, from now on, struggle with Maoism, in a struggle based on principle, an irreconcilable struggle." Nevertheless, despite the "irreconcilable antagonism," the USSR followed firmly the "great helmsman's" favorite maxim on the "Taiwan problem"—"stay on one side and do not turn off the road." In 1971 the Soviet representative to the UN was one of the first to put to a vote the exclusion of the Republic of China on Taiwan from the international organization and to transfer its seat to the KNR.

The 'Small Steps Policy'

Washington was not so categorical in its relations with the Chinese Communists. In the fifties, a diplomatic channel was opened in Warsaw—a place of constant meetings of U.S. and KNR diplomats. Hong Kong served as such a site in the area of economics. The Chinese from the continent bought American petroleum product and chemical goods there. In its turn, China shipped over the ocean cotton and rare-earth metals. In 1964 the indirect commodity turnover of the KNR with developed capitalist countries exceeded the volume of direct trade with states of the socialist system.

The decision about a rapprochement with Washington was approved at the KPK Central Committee plenum of October 1968. In a month the KNR proposed conclusion of an agreement with the U.S. based on five principles of peaceful coexistence. The White House in 1969-1971 adopted a large number of answering gestures (the small steps) in the political, military, and economic areas. Feelers on contacts at a higher level were made, and soon Peking sent President Nixon an invitation to visit the KNR.

In 1971 Secretary of State Henry Kissinger visited China, within a year the U.S. President had made an official visit to the continent, and a Chinese-American communique on its results was issued in Shanghai. The two sides muffled the contradictions on the Taiwan problem. The White House, it is true, refused to break off diplomatic relations and military ties with Taiwan, so

a full normalization of relations between the KNR and the U.S. was not accomplished then. But Peking and Washington had joined in an open dialog.

In the autumn of 1978, after Brzezinski's visit to China, the two sides reached a compromise on Taiwan. The United States committed itself to halting political and military relations with Taipei. China, for its part, promised to strive for a peaceful settlement of the Taiwan problem (although it did not make formal commitments on this matter), and the preservation of America's unofficial contacts with the Kuomintang people was agreed on. On 1 January 1979 the establishment of full diplomatic relationships between the KNR and the United States was announced. In February of that same year Chinese leader Deng Xiaoping visited America.

But Washington was not at all prepared to abandon its "old friends" on Taiwan during their troubles. The U.S. Congress in 1979 adopted a law about mutual relations with Taiwan. The United States opened up on the island an American Institute and the Republic of China created in the U.S. a Coordinating Council of North American Affairs. Both institutions actually fulfilled the role of embassies. Beginning with 1980, the White House began to supply Taiwan military equipment in an amount "sufficient for preserving the island's defensive potential." The knot of Chinese-American contradictions was drawn still more tightly after the Bush administration announced in September of this year his intention to sell Taiwan 150 F-16 fighter-bombers and 12 antisubmarine helicopters.

Peking has always reacted very negatively to such "high-handedness and hypocrisy" by Washington. True, before the matter reached the point of a break-off of relations, the whole matter had been reduced to a routine note of protest, or a "decisive warning" flying across the ocean. Recently, judging by everything, Peking's criticism against the United States on the Taiwan question has petered out. Chinese diplomats in Moscow remark in private conversations: "The Americans are extremely pragmatic. When the former USSR presented a serious threat to them, they needed the KNR more than Taiwan, and then made definite concessions to us. Now, when this threat has fallen away, rich Taiwan is more advantageous for Washington than the less developed China. The more so that the KNR needs economic collaboration with the United States most severely, and this is well understood there. So it is that it is unlikely that Taiwan will succeed in returning to the Motherland's bosom in the near future."

One Country—Two Communities of Peoples

The Taiwanese are not striving for this very much. Maybe there are Chiang Kaishek generals who are still living and cherish hopes of "revenge" and of a return "on a white horse" to Peking, but most Taiwan residents, who were born after 1949, do not believe in this and view the prospects for unification with doubt and misgivings.

Tempting proposals from the opposite shore of the Taiwan Strait are being heard increasingly: the island is guaranteed, in case of unification, the broadest autonomy, preservation of the existing social and economic order (for a period of 100 years), its own administration, army, and foreign ties in nonpolitical areas.... But the Taiwanese clearly are not hurrying to the "alma mater." However, neither is the idea of proclaiming the independence of Taiwan, which the opposition Democratic Progressive party is advocating and a cause over which squabbles and even fights between deputies have been occurring in the National Assembly (parliament), enjoying universal support. Most people fear that such a step would provoke military action by the KNR and that that would bring stability and economic prosperity to an end.

In the last 20 years Taiwan has become an industrial "tiger"—the island's gross national income per capita rose from \$137 in 1951 to \$8,000 in 1991 (Taiwan is 25th in the world in terms of this indicator, while Great China is only 120th); about 25 percent of the annual budget is spent on education and medicine.... However, the lack of desire of the "islanders" to be joined with the continent is explained not just by economic considerations. Given all the outward and language differences among the peoples who live on both sides of the Taiwan Strait, two completely different life styles have been formed in the past 40 or more years and the mentalities of the communities are not similar.

Interests and Politics

Many Russian leaders, in proving that the time has not yet come for any relations at all between Russia and Taiwan, cite the reason of their Soviet predecessors: "In regard to economic collaboration are the giant China and tiny Taiwan really comparable?" Actually, from the point of view of expanse, population, and common borders with Russia, these two values are not comparable. Moreover, the island has not a drop of oil, any gas, or other minerals, and about eight times per year it is subject to destructive typhoons. But Taiwan is useful to Russia primarily by its unique "lessons of development," the heart of which comprises the use at once of several strategies for development: pragmatic planning (no five-year plan), but there is a flexible plan for the quarter, the half year, and the year; a reliance on education, intellect, and the acquisition of advanced foreign technologies; and, finally, the creation of favorable conditions for an influx of foreign investment.

This path has led to Taiwan's economic development proceeding at the fastest pace in the world, and the

increase in prices is maintained at the lowest levels in comparison with other countries.

Taiwan follows Japan in SKV [hard-currency reserves]—more than 70 billion free dollars—and actively invests them in the economies of various countries. Taiwan's investments are received with pleasure even in continental China. Low prices for real estate and a cheap work force interest Taiwanese entrepreneurs in the KNR, and Great China in turn is interested in importing experienced supervisory personnel and modern technologies. Indirect trade on both sides of Taiwan Strait also is increasing—last year it reached \$5 billion.

Finally, the Republic of China is experiencing diplomatic damage—only 27 countries recognize it, the most significant of which is the UAR. But at the same time, in number of foreign representatives and banks Taiwan far outstrips its neighbor on the continent.

Taiwan is about to accept membership in GATT [General Agreement on Tariffs and Trade] and, possibly, in the UN in the near future. More than 200 states and territories are linked with the Republic of China by telephone communications. There is only one place on earth where Taiwan cannot be called directly—this is one-sixth of the dry land, in the person of the former USSR. It is impossible to fly there from here, although 24 of the largest international airlines maintain ties with it....

Considering that indirect ties between the KNR and Taiwan are being actively developed, it is natural that there are people in Russia who are striving to arrange similar relationships with the Asiatic economic "tiger." Little by little, indirect trade has begun to grow—during the first eight months of this year it was more than \$190 million. "Hushed-up" trade and financial missions have appeared. At the end of 1991 Chairman of the Central Bank Viktor Gerashchenko visited Taiwan unofficially and opened up in Taiwan a mission of the Russo-German trade company Yevrasko. In turn, the Taiwan International Trade Center Sitra, which is located in a 30-story building in Taipei, got in Moscow a tiny unit in the hotel Belgrad as his office....

Impatience has always let the Russians down at all times. The creators of the Moscow-Taipei Coordinating Commission apparently wanted so strongly to accelerate the process of opening up the "wonderful land" to Russia that they forgot to drop in at their own MID's and consult with the diplomats. As a result, partial diplomatic relations around Taiwan have been ended by Peking's demarche. A demand was made for intervention by the president, whose 15 September edict ordered a stop. It is another matter that the edict itself raises the hope somewhat: it still testifies that, for us, Taiwan exists.

Status of Talks With Norway on Barents Sea Demarcation Viewed

934C0370A Moscow NEZAVISIMAYA GAZETA
in Russian 12 Nov 92 p 4

[Article by Aleksey Varenov under the rubric "Diplomacy": "Negotiations on the Barents Sea 'Freeze' in Moscow"]

[Text] "Further progress in demarcating the Arctic waters between Russia and Norway has ceased altogether," writes the most influential Norwegian newspaper AFTENPOSTEN concerning the course of negotiations which have gone on for more than 20 years already on defining the borders, or delimiting, the disputed region in the Barents Sea. However this is now one of the most important unsettled questions of Russian-Norwegian relations, but in Russia there are few people who know of it outside the walls of the tall building on Smolenskaya Square. While we were attempting to clarify the viewpoint of Russian experts on the Norwegians' latest statement, the Ministry of Foreign Affairs carefully tried to find out how NG [NEZAVISIMAYA GAZETA] came to have any information about it at all.

The former Soviet side had always favored drawing the western border of Soviet polar possessions along the quadrant line as stated in the Decree of the Presidium of the Central Ispolkom of the USSR of 15 April 1926 "On Declaring Lands and Islands Located in the Arctic Ocean the Territory of the Union of SSR." In doing so it was emphasized that this demarcation was justified by virtue of the special circumstances which exist historically. But Norway never believed in these circumstances and insisted on demarcating the Arctic waters along the middle line, which represents something closer to the mean between the maximum demands of the two sides. In this way our northern neighbor claims an area of water of 155,000 square kilometers, a zone which is rich in fish and possibly petroleum resources. Discussion of this subject began in 1970. But in 1974 the first round of negotiations was held, and since then negotiations have been conducted periodically by turns in Oslo and then in Moscow.

Norway was the first to "break" in this dispute. In 1976 the Norwegians offered a compromise—to follow the line of the border between the quadrant and the middle lines—but did not achieve anything with this concession. Soviet diplomacy was inflexible and defended the "sacred and immutable" quadrant principle right up to the end of 1988. At that point the Soviet Union eased its position slightly, but only in the northern section of the disputed region. The process continued. Through mutual concessions roughly 70 percent of the disputed demarcation line managed to be defined before the demise of the Union. Now defining a compromise border of the most complicated section remains, the southern or

coastal section, which according to the unofficial calculations of specialists is the richest in natural resources.

In addition to the well-publicized problem of the "northern territories" in Russian-Japanese relations in the East, the diplomats of new Russia inherited the problem of the "Northern water areas" in the West from the Union. During the working visit of Andrey Kozyrev to Norway in March of this year this question was the focus of attention. In the Norwegian newspaper DAGBLADET, Russian parliamentarian Leonid Gurevich gave his opinion that an agreement could be prepared by spring of this year.

There is already snow on the ground and the agreement is still not ready—the sides have not advanced even one mile in delimiting the Barents Sea. Even though this year three rounds of consultations on this extremely delicate question were held—in March, July, and late September. It appears that the results of the third round were so unsatisfactory to Norway that Jan Flatla, the leader of the Norwegian delegation, reported the following: "In the last year we have made only negligible progress on the question of demarcating the Barents Sea. During our last meetings we noted the intractability of the Russian side. During the last round which was held in Moscow we did not make progress at all. Moreover, the question of fishing, which only complicates the negotiations, arose again." That is, we were diplomatically made to understand that under Gorbachev three-fourths of the work was done in a short time, three years, but when the new Russian authorities took up the matter, the negotiation process died away. Leif Eldring, the general secretary of the Ministry of Justice of Norway—and polar matters in Norway are part of the jurisdiction of precisely this ministry, visited Moscow recently and asserted that the negotiations have come to a standstill. To a direct question he answered just as directly that the reason for this is the Russian position.

People in the Ministry of Foreign Affairs of Russia admitted that the last two rounds were "for the most part" devoted to the problem of fishing but did not agree with the pessimistic conclusions of the Norwegians: negotiations are underway but the speed of making decisions is not the same as before. This is related, they assert, above all to the complexity of many aspects of the negotiations. The next round on the level of experts is planned for Oslo in January 1993. But the Norwegians' statements that the negotiations have supposedly come to a standstill are here considered attempts at pressure by the Norwegian side.

The Norwegian press is doing its utmost now to cite parallels with the Kuril problem, suggesting that the drastic disagreement of the Russian leadership with Japan on this question is the result above all of its nationalist wing. As one Norwegian journalist put it figuratively, the cold winds of nationalism which are raging in Russia have blown toward Norway. If that is true, we can understand the Russian leadership in human terms—Norway is a long ways away and the nationalists are nearby.

Commentary on Yeltsin's Seoul Trip, Effects of Russian Diplomacy

934C0370B Moscow PRAVDA in Russian
18 Nov 92 p 3

[Article by Yuriy Glukhov under the rubric "View From the Editorial Office": "The President's Seoul Itinerary"]

[Text] The visit of the president of Russia B. Yeltsin to Seoul begins today.

The Republic of Korea is one of the most dynamically developing countries. Very promising ties were established with it back when the Soviet Union existed. But in fact Russians have not yet managed to take full advantage of the fruits of the South Korean economic "miracle." The credits of the Republic of Korea to the former USSR were frozen. Among other things, the balance of commodity credit for 1991 worth 800 million dollars was blocked. The same fate befell the commodity and investment credit for 1992-1993 totaling 900 million dollars. The reason is our debt on interest on the credits.

Naturally, the top-level visit will help overcome the stagnation period which has emerged in relations between Moscow and Seoul. Resources to cover the debt, it seems, were in fact found in preparation for the visit.

But the significance of B. Yeltsin's trip goes beyond the framework of bilateral ties. The opportunity was presented to correct the lopsidedness of Russian foreign policy oriented to the West. But even here a mistake occurred.

The visit to South Korea was planned together with a visit to Japan and in this context could be considered a major diplomatic and strategic move. It looked like a sensible counterweight to the unchecked flirtation with the United States, unrequited by the way. With the cancellation of the trip to Tokyo, the present trip of the president of Russia has lost its former significance and even created some confusion. Great China, for example, found itself a secondary focus of Russian attention, although on the scales of major politics its primacy is obvious. Thus, diplomatic clumsiness in one case led to serious mistakes in another.

Moreover, the Russian president's violation of the itinerary planned earlier did not go by unnoticed. The problem of the Japanese claims to a number of the Kuril Islands, which was the reason for the cancellation of B. Yeltsin's trip to Japan, looms up on the path to Seoul too.

Outdoing Moscow, insulted Tokyo took a number of forestalling steps. An unofficial meeting between Kiichi Miyagawa, the prime minister of Japan, and No Tae-u, the president of the Republic of Korea, was held in Kyoto. The Japanese side tried to get the South Koreans, their partners in readiness negotiations, to support the Japanese position on the territorial problem. And it did achieve some things. Michio Watanabe, the minister of foreign affairs of Japan, announced that the Republic of Korea had promised Tokyo not to participate in joint

ventures in Russia in the zone of the Southern Kurils and not to fish in the waters adjacent to it.

Russian diplomacy not only has to avoid the field traps which Japan has already set up but must also not damage our relations with the Democratic People's Republic of Korea, a recent ally of the USSR. It would be foolish to build friendship with some states while sacrificing others. However, such a thing is not uncommon in current Russian MID [Ministry of Foreign Affairs] practice. The new ideological precepts of the Russian leadership also contribute to this. The anticommunist rhetoric and hostile attitude of the Russian leaders to the socialist choice one way or another will create a guarded attitude and alienation in such countries as China and the Democratic People's Republic of Korea.

I think that the anticommunist bravado must be eliminated altogether from foreign policy practice and must certainly not become the favorite posture of the Kremlin. Driven by it, Russia's diplomacy has up to now demonstrated an amazing ability to create problems rather than solve them. Will B. Yeltsin's Seoul itinerary perhaps be the turning point in this regard?

Gromushkin, Others on Third World Debts to Moscow

934A0297A Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Nov 92 p 2

[Article and interview of Yuriy Gromushkin, Executive Secretary of the Interstate Council on the Observance of Debt Servicing and the Use of Assets and Adviser to the Minister of Foreign Economic Affairs, by S. Pluzhnikov and S. Sokolov: "Moscow's Hand Fed Even Cannibals"]

[Text] **The Third World owes us \$146 billion. How will they repay it?**

Recently we have talked much and loudly about future billions in credits for CIS countries from the International Monetary Fund and about the former USSR's debts to many capitalist creditors (plus interest of about \$81 million thereon). But during these gloomy talks we somehow forgot that the Soviet Union itself was a big creditor.

As the MVES [Ministry of Foreign Economic Relations] reported to us at the end of September of this year, the total debt of more than a hundred foreign states to the former USSR was about \$146 billion dollars. And no one took this impressive sum into account after the collapse of the Soviet Union. This debt remains. But....

The CPSU Central Committee Politburo and, with its sanction, many USSR ministries and agencies, when allocating numerous credits, were guided primarily by ideological and political considerations, not by economic ones. This has created some very serious problems.

More than 40 percent of all the credits we granted were in the form of so-called special equipment (weaponry, military equipment, uniforms...). One can cite as typical

examples the following excerpts from party documents with the rubber-stamped classification of the highest secrecy, "Special folder":

"...in 1989 USSR Minoborona [Ministry of Defense] spent about 2.5 billion rubles [R] (foreign-exchange rubles.—Ed.) in extending military assistance to Afghanistan, including 2 billion without compensation; and in 1990 R1.4 billion will be spent, including R0.6 billion without compensation...."

From another document, entitled, "First-Priority Measures for Increasing the Capabilities of the Armed Forces of the People's Libyan Arab Jamahiriya [SNLAD]," it appears that the Soviet side was to deliver to the SNLAD in 1988-1990 and in ensuing years about US\$1.580 billion worth of spare parts for military equipment in accordance with rush orders, and in 1988-1992 about \$US1.150 worth in accordance with annual planned orders. In 1988 we committed ourselves to supplying Libya with about US\$140 million worth of ammunition and in 1989-1992 about US\$460 million worth, "with payment of the value of the credit in less than five years in freely convertible currency and/or in shipments of oil...."

What the Libyan, Afghan, and other revolutions received is clear. But can we recover our money? It is known that almost all the military totalitarian regimes have been settling up with us poorly for the military shipments since the collapse of the USSR. Afghanistan, which owed us more than \$8 billion, is generally among the poor debtors, together with Angola (according to International Bank data, at the end of 1990 its debt was \$4.1 billion), Yemen (\$2.8 billion according to the same source's data), Ethiopia, Somalia, Mozambique, Sudan, Zambia, Uganda, and other countries. Such a debtor as, let us say, Nicaragua (\$3 billion), has an annual income of \$220-240 million from its exports and cannot settle with us for their credits, even in the 21st century. The most exotic of the bad debtors is, perhaps, the Central African Republic. This state is well known for the fact that cannibalism prevailed there in the not so distant past. It owes us \$2 million and never will pay it.

It is not enough that the Soviet side gave the credits on the most favorable terms in the world. We never especially demanded return of the money, applying the practice of endless deferments and consoling ourselves with the delusion of an economic and political presence in the debtor states.

Only in 1988 did we begin to think seriously about this problem. Gorbachev talked at the UN General Assembly about the necessity for using market mechanisms for debt regulation. And the process was slow but it went on.

From a secret reporting paper of the International Section of the CPSU Central Committee of 10 July 1991:

"USSR Prime Minister V. S. Pavlov and Minister of Foreign Affairs A. A. Bessmertnykh is to negotiate in the near future with Angolan Minister of Foreign Affairs P. Van-Duken (Loyem). According to existing information,

one of the central questions will be the fate of Angola's indebtedness to the Soviet Union, which has reached US\$7-9 billion, according to various sources.

"Because of this, we think that we must pay attention to the questionable trend that has made itself felt in the approach of the MVES, Minfin [Ministry of Finance], and the USSR Foreign Economic Bank which has already manifested itself, particularly in resolving the fate of Mozambique's indebtedness to us.

"On 18 May of this year, an order of the USSR Council of Ministers' Cabinet adopted the proposal of USSR MVES and USSR Foreign Economic Bank to transfer the Republic of Mozambique's indebtedness for state credits and for all commercial credits, which total US\$2.350 billion, to the firm Insentka Trading and Finance S.A. (Switzerland) for 39.05 percent of the value (about US\$900 million).

"We consider that the relative momentary advantage of selling the Mozambican debts is fraught with serious harm...."

"—during negotiations of the Soviet Joint Stock Company Sovfintreyd and USSR MVES with the Swiss partner, according to information from Soviet participants in the negotiations, a reappraisal of the Mozambican debt, which was accrued over the course of 15 years, showed that its value actually was reduced, but the percent of reimbursement that was figured (39.05) does not correspond to the actual value...."

"—the Swiss side is an intermediary of doubtful reputation that does not have guarantees from first-class banks. Right after initialing the agreement with the Soviets, it tried to sell the Mozambican debt to the South African Folkskas Merchant Bank...."

The transactions in the resale of the Angolan and Mozambican debts did not take place. Although specialists confirm today that this paper was a lobbyist's device that is usual in such situations and did not correspond to reality, the resale of the Mozambican bad debt could bring us a good profit. But the putsch and downfall of the USSR and other forces-majeur prevented it. As far as we know, Gorbachev, in one of his last decisions in the post of USSR President, somehow transferred the Mozambican and Angolan debts to Ukraine, for reasons that are not clear. These decisions were annulled after the USSR's collapse, since it could have brought colossal losses to Russia and other successors of the former USSR.

A new power arrived, but the old debts remained. In order to find out who has disposition of them today and in what way, we met with the Executive Secretary of the Interstate Council for the Observance of Debt Servicing and the Use of Assets and Minister of Foreign Economic Relations Yuriy Gromushkin.

[KOMSOMOLSKAYA PRAVDA] How will the debtor countries repay us?

[Gromushkin] Judge for yourself. Under the terms of the intergovernmental agreement we should have been paid about \$14 billion in 1991. They repaid indebtedness in

the amount of \$8 billion, basically in the form of various commodities. The most solvent debtors can be counted on one's fingers: Bangladesh, Iran, Nepal, Morocco, Tunis, Egypt, Indonesia, India, Turkey, Algiers, Pakistan, and Iraq (before the conflict in Kuwait). All the rest are bad or doubtful debts.

[KOMSOMOLSKAYA PRAVDA] How are the shares of debt assets being distributed among the former republics of the USSR?

[Gromushkin] Under the agreement on the right of succession in regard to foreign state debt and assets of the USSR on 4 December 1991, Russia's share is 61.84 percent. Ukraine, Belarus, Kazakhstan, Georgia, Kyrgyzstan, Tajikistan, and Armenia signed the agreement and have their own shares. But the right to the assets is conditional on the commitment to pay for the foreign debt of the former USSR. However, no one except Russia has done so yet.

Belarus, Kyrgyzstan, and Turkmenistan recently transferred to Russia their shares of the debts and assets of the former USSR.

[KOMSOMOLSKAYA PRAVDA] The currency that is received for debt demands—how is it being used?

[Gromushkin] The interstate council has made a number of decisions on this question: the currency is being spent on payment of the former USSR's foreign debt, for unfreezing accounts in the Foreign Economic Bank that belong to citizens of the former USSR, and as philanthropic funds. But we practically are not receiving currency.

[KOMSOMOLSKAYA PRAVDA] Will the practice of resale of the indebtedness of states of the former USSR be used in the future?

[Gromushkin] Undoubtedly. But in so doing, a selective approach to the debtors that is based upon a realistic assessment of their solvency and the prospects for our trade and economic ties will be necessary. No one is thinking of selling, for example, India's debt to the former USSR, since this country has always been one of the conscientious debtors and has delivered the required commodities on indebtedness account. The same relates to the debt of Algiers, although this debt also is being quoted as very high (90 cents on the dollar of the debt is being proposed), and of other solvent countries. But the bad debts must be sold, though they will be cheap (from five to 10 cents on the dollar), but this is more profitable than if they lie simply as a dead load for several more decades, constantly depreciating. The Russian government's policy is the speediest possible return to the country's national-economic circulation of the many funds that are now frozen in the form of our debt assets in the Third World.

I assure you, not one of the debts has been sold yet. We started work on preparing for the resale of these bad debts in February of this year. We have no shortage of offers from intermediaries and direct purchasers. We have already weeded out some dozens of Western partners, and we are making a careful check on the reputations and the solvency of the remaining ones through trade representatives and through other channels.

The trouble is that, in order to resell the debt, we are forced to ask for the consent of the debtor country, since our debt demands had not been formulated as financial instruments but as bills of exchange.

At the same time we are feeling very strong lobbying pressures on the part of various small and medium-sized intermediaries with dubious reputations.

[KOMSOMOLSKAYA PRAVDA] Are Russian states and commercial entities among the potential purchasers?

[Gromushkin] Yes. We have already weeded out two private firms that have been preparing just to intermediate in the sale. Right now we are negotiating also with three Russian entities, one of which is connected with VTsK [expansion not given]. Their offers are interesting but they are still a commercial secret.

Exxon, Mobil Propose Joint Development of West Siberian Oil

93440253B Moscow MOSCOW NEWS in English
No 44, 1-8 Nov 92 p 8

[Article by N. Korn: "Giant Oil Companies Are Prepared To Jointly Develop West Siberian Deposits"]

[Text] Exxon Corp. and Mobile Corp. (the 3rd and 11th of the world's leading companies) have stated their intention to apply jointly for participation in the development of West Siberian oil deposits.

Each company's share in the project is not known yet. They are supposed to search for oil and gas in an area covering about 340,000 square kilometers, and the output, according to the assessment of the companies, may run to 3 million barrels a day, which is equal to approximately 50 percent of the current total output at West Siberian deposits.

Acting separately, Exxon and Mobil have not succeeded yet in getting the right for survey and prospecting work in Russia. The companies expect that by pooling their financial and technical potential they will get more opportunity to access the vast oil-bearing region of West Siberia, so far only scantily studied. According to some geologists this area belongs to the world's major oil fields.

In due course, it is believed, in oil resources Russia may leave behind Saudi Arabia (the latter's certified oil resources are now estimated at 256 billion and of Russia—57 billion barrels).

So far there are not many Western oil companies operating in the Russian Federation. This is the result of

insufficiently clear taxation policy of the Russian government and the deepening political and economic crisis. One of the first Western consortiums participating in the development of Western Siberia—the White Nights (it incorporates Phibro Energy Inc. and Anglo-Suisse)—decreased last spring's oil output in reply to the Russian parliament's raising of taxes on oil exports.

POLITICAL AFFAIRS

NEZAVISIMOST To Support New Government

93UN03394 Kiev NEZAVISIMOST in Russian
14 Nov 92 p 1

[Article by V. Kuleba: "Chief Editor's Column: Caution: Communism!"]

[Text] Last week so many poison arrows of criticism were aimed at our newspaper they would have been an entire year's worth for any other publication. The ridiculous nature and absurdity of the accusations are so obvious that it would appear they should not be taken into account. One heard quite a few such foolish complaints over the past several years. Still, a more thorough analysis, comparison of facts, and other indirect signs and details, unfortunately, reveal not only planned preparation of a regular campaign to discredit the bothersome publication. First off, it indicates a revival of Bolshevik forms and methods of struggling against growing democracy—attaching of labels, search for enemies, "organization of public opinion," and, what is most important, the appearance of lies which are repeated until they are believed as the truth.

Thus, on Monday evening Ukrainian Television once again granted air time to Filaret's lawyers. It appears that things are going very poorly for them since O. Shevchenko, a people's deputy, losing self-control, accused NEZAVISIMOST (a "rag" as he called it) saying it was guilty of almost every mortal sin. (For more details see NEZAVISIMOST issue of 12 November of this year, a commentary titled "Sty-do-ba!")

A presidential press conference took place the following day and he also used the word "rag" (a coincidence?). Such anger was provoked by the information released by V. Chornovil that V. Fokin and V. Pekhota were allegedly appointed to prestigious posts in the president's nomenklatura. I do not know what "rag" he had in mind since the report on the press conference by V. Chornovil, with the interesting details mentioned above, appeared in numerous publications. But I believe, it was ours, since the president has not quite gotten along with NEZAVISIMOST for quite some time. Nevertheless I think that despite various sympathies and antipathies it is still unseemly to descend to that level using such pejorative phrasing.

Finally, on Wednesday, a television personality, known for his unprincipled mannerisms of a lackey and sponging, again on Ukrainian Television, nimbly extracted an anonymous note out of his pocket with the sacramental question: "When will they finally close down that antinational newspaper NEZAVISIMOST?" It would have been funny, but the question was addressed to another participant in this political reprise—Chairman of the SBU [Ukrainian Security Service] Ye. Marchuk. Such a retort in former days would have, at the very least, merited consideration for an appointment to a higher nomenklatura post.

Let us assume that these are all random, scattered and unrelated facts. But even if that is so they do shed light on certain things. They show unremitting Bolshevik hatred, pathological aversion to differing opinion, manic identification of oneself with power, an absurd aspiration for a monopoly on truth, the separation of the entire world into white and red, "us" and the enemy, which is destroyed if he does not surrender. As a result (how much has history taught us?)—there is a hundred-percent stultification of the people, appearance of fascism, no matter what toga and mantle it wears—that of current or former communists, national-democrats, or integral nationalists. Is this what is threatening us?

The task of the journalists is clear. Instead of arguing stupidly and attaching labels, or shouting at full voice about one's devotion to Ukraine, it is sufficient to review the newspapers. Over a year, three years, or five years and everything becomes clear. Probably because our opponents are so fussy and petty, their accusations so unsubstantiated, their acts so perfidious and lowly: in secret, from around the corner, pour out some dirt, set a fire—and then obliterate the evidence. This, however, was in the past, is at present, and will continue to be the usual tactics of ordinary Bolsheviks.

Now about the position occupied by NEZAVISIMOST. For almost a year we were in opposition to Fokin, insisting on his resignation, attempting to prove what appears to be obvious: this communist party team, redolent of stagnation, is not only incapable of conducting reforms, it is not even interested in them. Now, thank goodness, that has become commonplace. With its downfall a qualitatively new political situation has appeared. After analyzing it, along with the program speeches by L. Kuchma, the new premier, we decided to refrain from opposition actions and support the new Cabinet of Ministers and its leader, who declared their readiness to do everything possible in order for Ukraine to extricate itself from the depths of a profound economic crisis. We believe that it is necessary to do away with the slogan calling for dissolution of the parliament. After all, under the current conditions it is virtually the sole guarantor of democratic freedoms. If the parliament collapses, there will be either anarchy or a dictatorship. We will once again return to what took us so long to get away from—to the bosom of totalitarian Bolshevism.

Patriarch Mstyslav Disavows Association With Filaret

Letter Refutes Unification of Churches

93UN02974 Kiev NEZAVISIMOST in Russian
31 Oct 92 p 1

[Appeal of Mstyslav, patriarch of Kiev and all Ukraine and metropolitan of the Ukrainian Orthodox Church of the United States: "Mstyslav's Refutation of Filaret's Patriarchate"]

[Text] Patriarchal Chancery, Ukrainian Orthodox Church of the U.S.A., P.O. Box 445, S. Bound Brook, New Jersey, U.S.A. 08380 [address rendered in both Ukrainian and English; remainder of letter rendered in Ukrainian]

His Holiness Mstyslav S. Skrypnyk, patriarch of Kiev and all Ukraine, metropolitan of the Ukrainian Orthodox Church of the U.S.A.

20 October 1992

Appeal to the episcopate, clergy, and laity of the Ukrainian Autocephalous Orthodox Church.

I, Mstyslav, by the grace of God the patriarch of Kiev and all Ukraine, am deeply disturbed by this atmosphere of indefiniteness that has arisen around our Holy Church, especially after the so-called "unification" of a portion of the Ukrainian Orthodox Church and the Ukrainian Autocephalous Orthodox Church into a single "Ukrainian Orthodox Church—Kiev Patriarchate."

Being in constant prayer for the unification of all Orthodox Christians of Ukraine and the Diaspora, I inform my spiritual children that in accordance with the statute of the UAPTs [Ukrainian Autocephalous Orthodox Church] a decision on the unification of the UAPTs with any other church may only be adopted by a Council of the episcopate, clergy, and laity of the UAPTs convened by me, preparations for which have begun.

In conjunction with this, the decision of the so-called "All-Ukrainian Orthodox Council" of 25-26 June 1992 and of the "committee for the defense of Orthodoxy" as well as of that portion of the episcopate of the UAPTs that recognized the decision of the aforementioned council and committee is not binding on the episcopate, clergy, and laity of the UAPTs.

The bishops, clergy, and laity of the UAPTs are under my archbishop's omophorion and within the jurisdiction of the patriarch of Kiev and all Ukraine of the UAPTs.

[Signed] Mstyslav I, patriarch of Kiev and all Ukraine

Thus Mstyslav, patriarch of the UAPTs, has officially refuted Filaret's church of the nomenklatura, the UAPTs-KP [Ukrainian Orthodox Church—Kiev Patriarchate], that was hammered together by "defenders of Ukrainian Orthodoxy." He remains the leader of the autocephalists alone. Now one truly does not know which churches have "unified" in Ukraine, with whose blessing, and whom Filaret, fallen out of favor, is now leading. Mstyslav's declaration is a terrible blow to him. Thus for the followers of Filaret and the UNS [Ukrainian Nationalist Union] and those like them, there is no choice but to take the Kiev-Pechersk monastery by storm. The next assault, let us recall, is planned for 1 November of this year.

'Unification' of Churches Not Recognized

Kiev GOLOS UKRAINY in Russian 31 Oct 92 p 12

[Article by Ye. Kindras, L. Kokhanets, and V. Labunskiy, special correspondents of GOLOS UKRAINY, under the rubric "Religion and Society": "A Bad Tree Does Not Bear Good Fruit"]

[Text] *"Watch out for false prophets. They come to you in sheep's clothing, but inwardly they are ferocious wolves. By their fruit you will recognize them." (From the Gospel of Matthew)*

At a scientific conference at the Institute of Philosophy of the Academy of Sciences, "Ukrainian Orthodoxy: Features, History, and Present," the opening address was given by Academician V. Shinkaruk. As expected, Vladimir Illarionovich said several words to the effect that "the time has come to gather together the stones." And, most likely losing orientation in time, he suddenly declared, "The report is given by Filaret, metropolitan of Kiev and all Ukraine."

For a long time now Metropolitan Filaret-Denisenko-Artonov has been the metropolitan of neither Kiev or all Ukraine. They have been designating his position these days in a quite worldly fashion: Assistant to Mstyslav, patriarch of Kiev and all Ukraine. Except that Mstyslav himself never chose him as one of his assistants.

No one ever coordinated the candidacy of Filaret as my assistant with me at any time. And would I have the right to remain the patriarch if I consented to such an assistant? It is not a question of his ties with the KGB and the party structures. God will judge that. The problem is that prior to the Council where Filaret appointed himself my assistant he had been defrocked. And it was done in accordance with all the canons of our church. Incidentally, at that time Filaret took the position of representative of the branch of the RPTs [Russian Orthodox Church] in Ukraine within the ranks of the RPTs. Nowhere in the world does a single one of the local churches consider Filaret a metropolitan, let alone my assistant. I visited Constantinople's Patriarch Varfolomey, and they greeted me there as the head of the Ukrainian patriarchate. Our mother church, like the other autocephalies of the world, is prepared to recognize us as an independent church, but as long as Filaret stays on the scene and does not renounce his authority only a few of the Ukrainian people's deputies will recognize the Kiev patriarchate.

The Filaret phenomenon is the tragedy of today's Ukrainian Orthodoxy. Unfortunately the government of Ukraine does not wish to understand this either. There they think that by leaving Filaret on his "throne" they will defeat Moscow's Orthodox expansion. I have struggled my entire life against that expansion, but to be honest I would far rather associate with Metropolitan Vladimir than to try to prove to Filaret that he must withdraw. I have told him that several times to his face. I do not appeal for Filaret to be hanged or shot; I only tell him to

disappear. After all, so long as the Filaret phenomenon exists, the crisis in Ukrainian Orthodoxy will not pass.

While organizing in June of this year the "historic" Council, which was supposed to unify Ukrainian Orthodoxy into a single patriarchate, it would seem that its organizers, Metropolitans Filaret and Antonyi, took everything into account: The political situation in Ukraine, the desire of the Orthodox peoples for unification, the assistance of new-fledged "curators" of the church from among the people's deputies, and the unpopularity among the people of Metropolitan Vladimir (Sabodan) appointed by Moscow. But the "holy" fathers did not take one thing into account: The true head of the Orthodox church of Ukraine, the 94-year-old patriarch, is still alive.

Do not believe this Council. It is not a Council, it is an assembly. A Council is a great and holy matter, and its convocation is an extremely important process requiring a mind, heart, and honesty. It is the last of these which those who assembled this shameful Council without my consent and without the consent of the bishops are missing. It is very easy to assemble three or four bishops, five or six archpriests, and a few sisters and cry "We are a Council." First and foremost a Council begins with honesty.

The unification of the Orthodox of Ukraine is possible only around the Ukrainian Autocephalous Orthodox Church, as the martyred church that never betrayed its people or its faith. We desire unification, but on the principles of honesty and purity before God and the people.

It is very interesting to read the programs of the scientific conferences. You will discover, for example, the section "Reports" and you will read: "Problems of modern Ukrainian theology." Ye. Duluman, Kiev. Oh! All the people are well-known! Is not that, by chance, the Duluman who really was at one time a theologian and then for decades tried to prove to the people that religion is an opium for them?

Or the section "Part Two. Communications. V. Suyarko. 'The Orthodox-Christian Nature of the Sacred Culture of Ukraine.'" Is this not that same Suyarko who gave a lecture at Kiev University and expelled one of the authors of these lines because the latter, instead of defining God according to Lenin, said that God is a path, truth, and life? Let us look closer—he is the same man!

It is terrible. It is terrible when Dulumans and Suyarkos bring God's wisdom to a people that has lost faith and been crippled by atheism. They quickly understood that the strongest church of Ukraine is wounded by the Filaret phenomenon and is moving ever closer to the line beyond which ends religion and begins a religion that is false and for sale. They understand that their time is not yet over and that it is enough to call oneself an "expert on religion" instead of specialist on "scientific" atheism to be back in the saddle again.

As patriarch of the Ukrainian Orthodox Church I recognize that the Orthodox Church of Ukraine is not involved today with those matters to which the Lord called it. Interconfession strife and opposition with the Greek Catholics have moved to the forefront in the activities of the Orthodox Church. And yesterday's atheists and communist agitators have not been slow to make use of this. So much rubbish has arisen around the church! "Experts on religion," false prophets, and false Christs. They frighten people with the end of the world, pull them into Satanic cults, and impose a mistaken ideology. So that our church may again sow the seeds of truth on good soil, Filaret and the forces standing behind him must leave us in peace. That is my position, and I will not abandon it.

Once it becomes the weapon of politics, religion will perish. Not only are the theologians and holy fathers calling it a false religion, but the parishioners are turning away from it as well. At one time Tsar Petr turned the Moscow patriarchy into a department for religious matters. Orthodoxy endured then only thanks to the spiritual feats of the apostles of truth. In Ukraine a church crisis in the 17th century threatened the existence of the nation itself. The selfless activity of Metropolitan Petr Mogila, who loved to repeat, "Any realm and any home divided against itself will perish," saved Ukrainian Orthodoxy. Today the only person the Lord will help to unite the scattered and lost Orthodox is he who has never betrayed his faith and maintained the moral right before God and the people to teach.

Bishop Mstyslav does not yet reside in Ukraine. Only his "assistant" lives in luxurious chambers in Kiev on Pushkin Street, which remain decorated with portraits of Pimen and Filaret himself. The patriarch is closely isolated from his congregation and priests. Almost no one dares to cross the threshold of the hotel room where the bishop temporarily lives.

The name of the patriarch is used only as a screen for the unjust actions of the leaders of the so-called Ukrainian Orthodox Church—Kiev Patriarchate, which Patriarch Mstyslav does not recognize. After the unification of the churches, the UAPT's church of Ioann Bogoslov and the Bydubitskiy monastery were transferred to the authority of Filaret without anyone soliciting the blessing of Bishop Mstyslav or taking an interest in the opinion of the congregation.

Even during the times of the terrible Stalinist repression, says Bishop Mstyslav, our church performed the divine service in Ukrainian; today the Synod has decided to conduct the divine service in so-called Old Slavonic, which is in essence ancient Russian, while the genuine ancient Old Slavonic language is something else entirely. In the Vladimir cathedral, the main refuge of Filaret, they do not recognize Ukrainian at all.

Ukrainian Orthodoxy has tense relations not only with Moscow but with Rome as well. Interconfession discord between the two Ukrainian churches—the UPTs [Ukrainian Orthodox Church] and the UGKTs [Ukrainian

Greek Catholic Church)—have turned Galicia into a field of strife and virtual military actions. Let us reject the politics in which these religious clashes are thoroughly mixed. "Satisfaction" over the liquidation of the Assembly of 1946 does not do honor to the Greek Catholics. Nor does the decisive offensive of Ukrainian Orthodoxy under the slogan "Down with Rome!" Rashness, as a rule, leads to contrary results. Let us recall that same Assembly, organized by the "best friend of Orthodoxy," the Marxist atheist Stalin. The attempt of the Moscow patriarchy to destroy the Greek Catholic church returned several decades later like a boomerang to the "hand"—Russian Orthodoxy does not have any influence in Galicia today. The sin is always followed by the shadow of retribution. None of the confessions should forget this simple truth.

The style of relations borrowed from the people of the pre-Christian era—"an eye for an eye and a tooth for a tooth"—pertains to the lowest reflexive level of social conduct. Enmity as a reaction to enmity always gives rise to a chain reaction. And in the church it is more fearful than at a nuclear power plant. Whether one wants it or not, the fidelity of the majority of Western Ukraine to the Catholic world is a fait accompli. And Kiev must understand not only the Galician dialect of Lvov but its religious language as well.

Recently there was a meeting of Miroslav Ivan, head of the Ukrainian Greek Catholic Church and cardinal of Lyubachivskiy, with President of Ukraine Leonid Kravchuk. At the meeting they again talked about the official rehabilitation of the Greek Catholics.

A Ukrainian representative to the Vatican has still not been appointed, even though we have already had a papal nuncio here for several months. Nor do the faithful of the UGKTs have their own cathedral in Kiev. The only "progress" in this direction is that during their divine service they do not now freeze under the walls of the Pokrovskiy Church—the walls of the bell tower right in Podolia itself has been proposed for them. True, the president promised to resolve the problem of a cathedral for the Kiev community of Greek Catholics: In the near future they will receive the Holy Trinity church of the Vydubitskiy monastery and the lodgings of the directorate of the Central Botanical Garden. It is a luxurious gift, but partisans of Metropolitan Vladimir presently rule in the Holy Trinity Church. And it is quite doubtful that they will meet their competitors with open arms. Thus, another battle over a cathedral, but planned in advance this time? One throws fuel on the fire when one does not want it to go out... And in the process, just like dry tinder, they make the very same eloquent appeals for unity, peace, and harmony on Ukrainian land.

Even from my patriarchal headquarters in Bound Brook I see that in reality the relations between the two churches have been artificially dramatized by a third force. Presently one observes a departure from "cloudiness" and a "clearing up" taking place. Proof of this is the participation of a UAPT's delegation in the solemn festivities connected with the reburial of the earthly remains of the His Holiness Patriarch Iosif Slipiy, head of the UGKTs. I deliberately accepted this invitation. And I believe that in our difficult life we must not only embrace one another over a coffin but together seek love on the road lying before us and before our people, who have been Christian for centuries. It would be simply ungodly to segregate the Catholic church from ours. Let the entire world see that we, Ukrainians, are a cultured people. I have never broken off contacts with the Catholic community, and I maintained close relations with Metropolitan Sheptitskiy during my parliamentary activities in Poland. And, incidentally, my wife was also Greek Catholic.

Iosif Slipiy thought increasingly about a rapprochement of the two Ukrainian churches in the last years of his life. This is clear from his testament. The patriarch was disappointed in Rome's patronage of the UGKTs. Unfortunately, his death cut short his steps toward an ecumenical independent Ukrainian Orthodox church. Presently Rome is acting as though it does not care about our relations with the UGKTs. In fact it is afraid to permit closer contacts and intently pursues the preservation of the traditional hierarchy. I have many proofs of this. The Roman curia, like Moscow's patriarchy, are hindering and will continue to hinder in every possible way the process of rapprochement of the Orthodox and Greek Catholics, and the position of Cardinal Lyubachivskiy, the head of the UGKTs, in this matter is very unclear. At the very least, in his contacts with me the cardinal has been observing an exceptionally official tone.

Even if somehow one succeeded in uniting all the Christian bishops under the banner of one church, it still would not mean the formation of united Kiev patriarchate. Without the rebirth in Ukraine of the very spirit of Christianity, without a flare-up of the fire of faith, a patriarch patched together from fragments will simply be a clever combination of politicians removed from faith and piety.

Today there are far too many of those who trample on pearls and are prepared to tear anyone to pieces in order to eat and sleep well. There are among them, unfortunately, people in cassocks as well.

But I would like to believe that the time for forgiveness has arrived; after all, Christ taught, "Love your enemies." At the end of our conversation Patriarch Mstyslav quoted the apostle Paul: "...In addition to all this, take up the shield of faith, with which you can extinguish all the flaming arrows of the evil one. For God called you not for evil but for sanctification..."

More on Patriarch Mstyslav's Renunciation of Church Unification

Filaret Supporters Hold Synod

93UN0319A Kiev NEZAVISIMOST in Russian
11 Nov 92 pp 1-2

[Article by V. Anisimov and M. Gorskiy: "The Plot Against Mstyslav"]

[Text] Shocked by the statements and interviews of Patriarch Mstyslav of the UAPTs [Ukrainian Autocephalous Orthodox Church] regarding his refusal to recognize the "unification" of the church or the establishment of the UPTs-KP [Ukrainian Orthodox Church of the Kiev Patriarchate], Filaret's supporters made a quick decision on 7 November to convene a synod of their church in retaliation against the obstinate old man. The infamous pro-Filaret Brotherhood of St. Andrew the Apostle in Kiev resolved to deliberate "the likelihood of the holy patriarch's continued presence (!) on the board of the church" (the UPTs-KP).

Mstyslav, however, who is experienced in these matters, responded by sending a message from the United States to the bishops, priests, and loyal parishioners of the UAPTs just before the synod, describing the Kiev brotherhood's actions as a plot against the UAPTs. He also reported that Metropolitan Antonyi, the UAPTs administrator of affairs, "had abjured his UAPTs bishopric by championing the defrocked Filaret Denisenko." The patriarch referred to the upcoming meeting as an "arbitrary little synod."

The conspirators' plans were shattered. The synod turned into an ordinary gathering because it was not attended by the heads of the three largest parishes of the UAPTs diocese (Lvov, Ivano-Frankovsk, and Ternopol).

Those who did attend chose to pretend that nothing frightening had happened and decided to give Mstyslav time to think things over and "repent"—in other words, to say that he had "not made any statements" or granted any interviews. All of this, they suggested, was the result of intrigues by the pro-Moscow NEZAVISIMOST and those who had imprudently taken its side—VECHERKA, GOLOS UKRAINY, and Zinoviy Kulik from Ukrainian television. Incidentally, some of these have already changed their minds: The message from Mstyslav shown below (see photo) [not reproduced] did not "make the cut" for Ukrainian radio and television.

Leaving aside the particulars of the discussion of Mstyslav's fate at the conference for the time being, we have to report one spicy detail. In an attempt to save the drowning UPTs-KP, they sent a messenger to the monastery to offer His Beatitude, Metropolitan Vladimir (Sabodan) of the UPTs, the "protégé of Moscow" and "sworn enemy of Ukrainian Orthodoxy," the patriarchal see of the unified Ukrainian church—but only, of course, on certain conditions. Furthermore, Vladimir was warned that he would be branded forever as an anti-Ukrainian if he should decide not to accept this tempting offer.

To the bishop's credit, he did not succumb to the blackmail and renounced the furtive separatist conspiracy. Now Filaret's followers can honestly notify their glorious patrons that His Beatitude's love for the contemplative life is irrevocable (they made an offer, and he refused it). Filaret, on the other hand, can now answer the urgent requests of the laboring masses and occupy the "throne" of the Ukrainian patriarch himself with a clear conscience (because there are no other candidates).

According to rumor, Mstyslav and the overseas Ukrainian community were so tired of the whole Filaret affair that they decided to hold a synod of the UAPTs as far away from the evil as possible (in Lvov) and to rebuild the church administrative structures that had been demolished by the militant association.

In his message, he called upon the "faithful of the UAPTs" to lodge a resolute protest against interference in the internal affairs of the church by "non-church forces and individuals not belonging to the UAPTs"—i.e., the pro-Filaret lobby in parliament. In this way, the leader of the autocephalous church voiced the first official acknowledgement of the violation of religious freedom in Ukraine.

'Meddling' by People's Deputy Deplored

93UN0319B Kiev NEZAVISIMOST in Russian
11 Nov 92 pp 1-2

[Unattributed article: "For Shame!"]

[Text] The night before last, Ukrainian television presented the latest political striptease, preempting the broadcast of the "all-star" soccer game with O. Blokhin. This time the people in the studio employed a Bolshevik tactic and graciously denied Mstyslav's renunciation of Filaret's patriarchate (see the 31 October issue of NEZAVISIMOST).

A religious leader, a high-level official from the Committee on Religious Affairs (who ruined his reputation back in the years of stagnation with his ties to the KGB), and a once popular people's deputy—each and every one of them tried to convince the viewers, first of all, that Patriarch Mstyslav had not renounced anything; second, that even if he had, it was his own business; and third, that the renunciation could not be considered canonical. We have to admire the nerve of the people on this motley political-religious panel: After all, they had to refute published photocopies and facsimile copies of documents signed by Patriarch Mstyslav. Incidentally, some of them, such as the previously mentioned people's deputy, did not go to any trouble to find supporting arguments or facts, but simply confined themselves to the classic retort: "Stupid, yourself!" or even to outright insults and threats against our newspaper. The legal office of NEZAVISIMOST launched a meticulous probe of O. Shevchenko's terminological "fireworks." We would be quite happy to meet this "public servant" in a courtroom, where matters are settled by means of documents and evidence, and not with libel and slander. We have to say that the unceremonious meddling in church affairs by an unchanging group of people's deputies is motivated, according to our sources, by far from unselfish (and not only in the moral sense) considerations.

Is this why the panel members, including moderator Yuriy Shkarlat, looked so frightened and nervous?

Finally, the panel members did not mention Filaret's name even once. What could this mean?

ECONOMIC AFFAIRS

Kuchma Interviewed by GOLOS UKRAINY

93UN0321A Kiev GOLOS UKRAINY in Russian
6 Nov 92 pp 4, 6

[Interview with Prime Minister of Ukraine Leonid Kuchma by GOLOS UKRAINY commentator Anatoliy Kraslyanskiy; place and date not given: "Leonid Kuchma: 'I Understand the Kind of Burden I Am Taking Upon My Shoulders'"]

[Text]

[Kraslyanskiy] Both your candidacy and the Cabinet of Ministers proposed by you made it through the Supreme Council of Ukraine relatively easily—at least on the surface. For all practical purposes you have received the support of the constitutional majority. Can this be regarded as the beginning of true cooperation between the parliament and the government of Ukraine? And, based on this, what kind of real help would you like to get from the Supreme Council in the nearest future?

[Kuchma] I cannot imagine my future job as anything other than the closest cooperation between the Supreme Council and the Cabinet of Ministers; also, our functions are different. We must act on the basis of the current situation. Which is, as you understand, not an easy one. As they say, we do not have anything to squabble over. We simply have to build together. We understand full well that since we lack many laws, and since the laws and acts adopted by the Supreme Council are often imperfect, we need to do a lot of work together. For the country.

[Kraslyanskiy] In your speech at the Supreme Council session you said you need efficacious help in putting together effective economic laws. Could you name the most urgent ones? The kind without which it is impossible to make any progress in your work?

[Kuchma] The previous Cabinet of Ministers worked within the framework of existing laws. In principle, I do not want to work this way. We must act on the assumption that we have an emergency situation in the economy. Look, for instance, at the law on enterprises. It was adopted on the premise that it will operate in the framework of a market economy. But at this point we do not have a market as such. We have a bazaar, and everybody knows it very well: buy, sell, etc. Second: Over 90 percent of property—I cannot give you a more precise figure—is still owned by the government. What do we get as a result? All of us—I am also an industrialist—have been asking for freedom, and we got it. As it currently stands, however, it is often at odds with the interests of

the state. That is, the economy has become unmanageable. Every enterprise, especially if it has a monopoly on something, dictates its own policy. In the interests not of the state but its own. So we need to make corrections to this law, for instance. Because we should not forget that in addition to people working at enterprises, kolkhozes, and sovkhozes there are also teachers and doctors who in the same city live much, much worse than, for example, metallurgists, miners, or machine-building industry workers. This is unfair, because everything was created through our common effort.

I am not advocating a return to the old principle of social justice and distribution. But there ought to be some priorities. First and foremost those on the part of the state, whose duty it is to take care of its citizens—otherwise it is no longer a state. After all, it is not the fault of a person who works as a janitor in a kindergarten that he or she does not work at a mine or a metallurgical plant, where salaries are much higher.

[Kraslyanskiy] At the Supreme Council session you said that although you did not have much time, you have been able to put together a capable Cabinet. You also called it a coalition cabinet, or a government of people's confidence. IZVESTIYA, however, has already managed to take a verbal jab at you by saying that the current composition is neither a coalition nor enjoys the people's confidence...

[Kuchma] Well, there always have been and will be jabs; no one is safe from that. I did qualify right then that I personally prefer to call it "a government of reform" rather than of "people's confidence," because we speak all too often in the name of the people. As to the composition of the Cabinet, I asked the Supreme Council to confirm it as a slate not because I wanted to vote for everyone simultaneously but because I was aware that otherwise we would never finish forming the government, for with the current balance of political forces in the parliament one faction will shoot down some candidates, and the other—others. To a considerable extent, however, I also was acting on the assumption that I, as prime minister, have to take into account the public mood...

[Kraslyanskiy] Your speech at the session brought applause several times. One instance was when you said that from now on you assume full responsibility for the activities of the government. But this now makes you very vulnerable. If anything happens you will be held to your word.

[Kuchma] I knew what kind of burden I was taking upon my shoulders when I agreed to head the Cabinet. I also understood that the responsibility has to be personal and that it has to be first and foremost that of the prime minister. To say that the Cabinet of Ministers as a whole is responsible for everything is not serious. As to what I said at the session, I said it quite consciously rather than on the spur of the moment. Consciously, again, based on the fact that now we have to get to work. There was no

Cabinet of Ministers because many of those who were a part of it stopped working a long time ago. I had the impression that, being fully aware that the Cabinet would not last long, they did not consider it their main task to take care of the country...

[Kraslyanskiy] On that memorable day you presented such a tough assessment of the current state of the economy and gave such hair-raising examples of corruption and mismanagement. By revealing such naked truth, did you not at the same time reveal your intent to introduce an economic state of emergency? After all, there is no place to go from here, as they say.

[Kuchma] I am indeed deeply convinced that we need to introduce a state of emergency in the economy. Except that it needs to be called something different: emergency measures in the economy. Because if we do not apply them, the danger of the fifth power I was talking about earlier is great and real. It would be understandable if the money earned by various structures went into investment in production, was pumped back into reproduction. When it is not in Ukraine, however, when it goes who knows where, that is frightening. If this process continues uncontrollably there will no longer be not only the Cabinet and the Supreme Council but even the country itself. Both politicians of all types and colorations and the people will have to understand this.

[Kraslyanskiy] The current situation in the country is indeed dangerous. Because of the acute shortage of oil, tractors and combines have been idle in the fields; in the cities there is no transportation to deliver bread to the stores. Many enterprises have stopped because of the lack of raw materials and components that come mostly from Russia. Well, I do not have to tell you—as an industrialist, you know it better than I.

[Kuchma] Russia cannot be blamed for this in any way. I think it is very wrong that we are allowing this snow job to be done on us. We have produced an emission of about 700 billion Russian rubles [R]. We have released into our market about 700 billion pieces of paper, which, of course, flowed into Russia. They understood this perfectly well and took protective economic measures. During the third quarter alone we have pumped into Russia \$529 billion, which remained sitting in the Central Bank. This is Russia's defensive reaction. Had they done something different, it would have dealt a painful blow to their economy. There are smart people in the government there, and they caught up immediately with what was going on. So it was we who forced them to take steps in response.

Another side of the coin. One cannot just take—one also has to give something. Russia and Ukraine have signed agreements at the governmental and the highest level. We, however, fulfill them to a considerably lesser extent—I will not go into figures. Therefore Russia is applying measures. If we treat them this way, why should they treat us better? Just because everything has ground to a halt here? We say that we ourselves are experiencing

difficulties with sugar, timber, and butter, but Russia also has the same kind of problems with, for instance, oil and gas, whose production has fallen considerably.

Still, we have achieved some progress. Today oil started flowing again to Lisichansk. I just got off the phone—tomorrow they promise to open the line to Kremenchug. Our delegation is working in Moscow now; they are expected to sign an agreement on mutual deliveries and quotas. All of this is to be handled, of course, under the terms of technical credit. I have reached an agreement with Gaydar—he has agreed to accommodate us in this respect. We are being given a technical credit of \$100 billion for purchases there, while we are opening a technical credit line for Russia for the same amount. Unless we solve this problem now, there will be an explosion. Mines have stopped because of lack of timber; enormous quantities of sugar beet are sitting in the fields because of a gasoline shortage; the same situation exists with respect to sunflower seeds. This is our hard currency. This is what we drove our economy to. There are state reserves that are supposed to be untouchable. With respect to gasoline and boiler oil they have been completely depleted, however.

[Kraslyanskiy] Leonid Danilovich, this is not the first time in a very short period that you have talked about the fifth power, that is, mafiosi structures. Everybody now feels their presence. In promising to wage a merciless battle against them you obviously understand very well what kind of danger this may mean for you personally. Especially considering that any mafia has tentacles reaching all the way up to the top echelons of power.

[Kuchma] I have no doubt about that.

[Kraslyanskiy] Does this mean that you are entering a period of a major and dangerous battle?

[Kuchma] I would prefer not to say that I am entering this battle. I believe that we are all entering this battle—the government, the president, and the Supreme Council. The time of Lone Rangers is over.

[Kraslyanskiy] But do you actually now have a team of confederates in the cabinet, people who would follow you bravely, even recklessly?

[Kuchma] I cannot say that the team already exists—there are many whom I have not seen in action. Or in a battle. We are still on our way there. I want to say once again: If I see that some people cannot "pull the load" I will get rid of them instantly, without hesitation. It all depends on the people who have come on board. Or those who have stayed.

But before we hold people accountable, they need to be helped. I know what situation the law enforcement organs are in currently. First, they were not feeling real support anywhere—we only keep intending to build a law-based state. In our country one can strike a policeman, insult him—and he has to humbly endure it. Look at other countries, the United States, for instance.

What happens there if a citizen as much as raises hand against an officer of the law? This problem exists across the board. Therefore we have to help the law enforcement organs, particularly where they have problems recruiting enough manpower and a poor material and technical base.

[Kraslyanskiy] I want to come back to the issue of Russia, to be precise, to our ties to our northern neighbor. You told the deputies absolutely precisely, clearly, and unequivocally that in the current circumstances it would be insane to break economic relations with Russia. Most of the people's representatives perceived your straightforwardness and honesty. At the same time, admit it, tying ourselves too closely to one country is fraught with danger. Do you intend, while strengthening relations with Russia, to gradually implement structural reorganization of the Ukrainian economy with the aim of orienting it more towards its own potential? After all, your idea of creating several technopolis industrial centers in Ukraine is already a step in this direction.

[Kuchma] I am not as simple as the deputies attempted to present me when they accused me of being only oriented towards Russia. First. In the machine-building and defense complex alone Russia handed over to us more than 1,800 enterprises. Tell me, was there at least an elementary inventory done regarding what each of them is capable of? We have a tremendous internal potential to reorient many tasks towards these enterprises. We have finished goods that we do not know what to do with. Therefore, it is true, there should be targeted programs in the interests of the state. I believe that first and foremost they should be directed to agriculture. Providing it with first-class equipment is a must. And the next question. It is time for all to understand that nobody is waiting for us in the West. Nobody. The West means tough competition for markets. We have no business being there with our goods, our technologies; we will simply not be let in. I found this out through my own experience, when we were offering first-rate booster rockets. We were not let in. Because they take care first of their own market, keeping their own people employed in order to prevent unemployment from growing. They also have a recession right now, and they have to think about saving many people.

It is more natural and easy for us to become integrated, in addition to Russia, with the former Comecon countries. We go to study farm business in the United States, Canada, and other countries. There is nothing for us to do there. Perhaps we should learn from the Hungarians—they are not as blindered as we are. They also thought that once they left Comecon the West would greet them with open arms. It turned out completely different, though. We will turn to the West only when we develop competitive products. It is not accidental that I cite the example of China. We need to go from small to bigger. From the creation of zones of the type created in China—they attracted extensive investment of the part

of foreign companies who knew they would get what they needed—to other structural orientations.

[Kraslyanskiy] Lately there has been a lot of talk regarding searching for partners with respect to oil—in addition to Russia, in Saudi Arabia, Kuwait, Iran, and other countries. Do you believe that this is a promising direction to search?

[Kuchma] We have no way of paying these countries. We have no dollars or competitive products. Again, we can only count on raw materials. Second. It was not accidental that I submitted a proposal to the Supreme Council asking for a deputy prime minister in charge of the fuel and energy complex. That is, this deputy prime minister should engage not only in dealing with current woes but, most importantly, develop a program to make Ukraine independent in this respect. I think we are all convinced that Ukraine has its own gas and oil.

[Kraslyanskiy] We do have gas; as to oil, it is unlikely.

[Kuchma] I am sure we have some. We need to develop a strategic program. If calculations show that it is better for us to purchase oil in Saudi Arabia, then we will work with Saudi Arabia. I do not wish to act rashly, as was done before, when we went on a visit to Iran and immediately announced that we will have Iranian oil. We did indeed visit Iran, but we do not have any oil.

[Kraslyanskiy] This means that in the final analysis our strategic thrust in this respect is toward Russia.

[Kuchma] Strategic—no. Strategic it will be when we figure out what we have and what we do not. There was oil in Western Ukraine, after all, and we have pumped 50-60 percent of it using old technologies. I am sure that there is some in the shelf of the Azov and Black Seas, and somewhere along the Dnieper. We currently need to get foreign capital and foreign technologies to come here and work. In a strategic sense, of course, I, as a prime minister, want to integrate with Europe.

Today all our strategy and tactics should be directed at making the situation at least a little better. Unfortunately, for some time it will continue to worsen, whether we like it or not. Look at the current situation. We have to raise the subsistence minimum—pensions, wages, etc. Even the simplest calculations show that if the minimum wage is increased to 1,500 coupons, we need to find 60 billion. Second, we absolutely have to provide subsidies to the coal industry. I believe that the well-known government decision to make the coal industry profitable by raising coal prices has killed us. Because from the coal industry it spills over to metallurgy, machine building, etc. We have cornered ourselves by sharply raising the price of coal. If we raise its price again, it will be a kiss of death. To provide subsidies to the coal industry, however, will require 46 billion coupons this year alone.

Third. There was a decision not to raise the price of bread. Now we can see how sharply the consumption of

bread has increased. People do not believe anyone and are hoarding for a rainy day. This is an additional 17 billion coupons. There is no money in the budget—its deficit amounts to 330 billion. There is only one way left: to ask the Supreme Council for an additional emission. The Supreme Council and I, as prime minister, cannot make this decision, because we are part of the ruble zone. The only solution then is to introduce the coupon in noncash clearing with the former Union republics. That is, for all intents and purposes it is a temporary national currency. Otherwise we not be able to conduct an independent economic policy at all.

I have already said that we have done many stupid things in this respect. The coupon needed to be introduced, but only after careful preparation. Before saying cock-a-doodle-doo, a whole package of documents needed to be prepared. We, on the other hand, first crowed and then started thinking. Had we introduced the coupon in noncash transactions at the beginning of the year we would have it much easier. And the longer we procrastinate, the worse it will become. Such is the truth.

[Kraslyanskiy] Leonid Danilovich, you have already touched somewhat on the problem of price policy. The previous government maintained that we can no longer interfere in the chaotic movement of the price factor, that it now has a life of its own. Nevertheless, in countries where market relations have ruled for a long time, prices are practically stable. Their rise even by a few percentage points is a true emergency. Is it really true that the state has no way to reign in the anarchy in prices? People are tired of this outrage.

[Kuchma] This was just talk. Nothing was being done in this direction in a practical sense. I think, we will present a proposal regarding this question as well in the emergency measures program. We have created an antimonopoly committee, and it should start functioning. The mistake was to let salaries rise. In the entire world this is predicated on increasing production. What we have, however, is that enterprises borrow money and use it to raise salaries. We have removed all restrictions—even the profitability factor. That is how it came about that metallurgists are now paid one and a half times more than miners. Naturally, the miners—and I understand them—are again demanding salary raises. But then it will never end. Therefore, unless we immediately take appropriate measures we will simply perish. This begets increases for everything, a race: We are pressured from one side and give in, then from another side, and again we give in. In general there was no policy in this regard.

[Kraslyanskiy] Chaos.

[Kuchma] Absolute chaos and populism.

[Kraslyanskiy] Does this mean that we can hope that the new cabinet will rein in the monopolists and will at least force them to keep a lid on prices?

[Kuchma] It is not my habit to make promises or give a time frame—that it will be better tomorrow or in 30

days. As you understand, none of this is easy. If for no other reason than because the laws in this situation are not on the side of the executive power. By now we have passed such laws that everyone feels like a free Cossack. Only together with the Supreme Council can we tell the people that today we only have the opportunity to stop this speedy movement towards the abyss, and then later to correct the situation.

[Kraslyanskiy] Nevertheless, you have already managed to tell the people that there should be an improvement by the middle of next year.

[Kuchma] I said that even in the bad circumstances we have now we have an opportunity to reach the 1990 level of production, provided we take the necessary steps today. I am not going back on these words—this is why I came here. We have to stop the runaway train.

[Kraslyanskiy] The runaway train, as you aptly described it, has now grown so big; it has entered such spheres and activated such forces that one can only sympathize with you for trying to combat it.

[Kuchma] Yes, I know that today everything is for sale and everything can be bought. I can only tell you that in my activities I felt tremendous support on the part of the president, because he completely understands all of this. There is also the same kind of support on the part of the Supreme Council chairman and the parliament. I was approached by deputies from various sides and groups who also told me that this needs to be stopped. We cannot continue rolling towards the abyss forever.

[Kraslyanskiy] What policy will the Cabinet of Ministers adopt with respect to private enterprise? Will the activities of many enterprises of this type not be restricted because of their "idling" and, on the other hand, the state sector strengthened?

[Kuchma] This would be a disaster for the country. We must support small and medium-size business. We need a class of proprietors, some competition to emerge. Only this will save us, not privatization of large enterprises, because we will not get anything out of the latter. When a person invests his own money it is a completely different matter. What do we currently have? There are many who have created small enterprises on the basis of state enterprises and virtually pay only for electricity, while mercilessly exploiting state assets. There should not be such things in the state sector. Let small business grow around state enterprises and produce their own output. I welcome such business with both arms.

I do not understand the commercialization of trade in the form that has emerged. It was a good edict, but its implementation is producing zero effect. Because enterprises that produce consumer goods cannot sell them at market prices, while the trade sector buys them up and then sets whatever price it wants. How can this be? I, the producer, cannot sell, while right next door they do whatever they please.

Going back to privatization. In this we also need to have a clear policy—where and what to privatize. We cannot sell off all state enterprises. In Sweden, Norway, and other countries more than 50 percent of enterprises are in the hands of the state. I do not have to tell you how people live there. Right now you can come here with a billion dollars and buy half of Ukraine. Everything needs to be done in the interests of the state, keeping in mind that there are 53 million people living here, including 15 million pensioners.

[Kraslyanskiy] How are you going to sift out those small businesses that are indeed engaged in outright speculation—such as your example of the Kremenchug oil refinery—from those that produce consumer goods?

[Kuchma] The government already has the ability to do this. The president signed an edict that subordinates part of the executive power of the president's representatives to the Cabinet of Ministers; I am very grateful to him for this, because we really have nothing to squabble over. I believe that since enterprises have been registered as producers locally, it is the task of the local authorities to immediately reregister them, review all charters, and find out who is who.

Everything we are talking about is a consequence of the paralysis of the executive power and of the difficult economic situation. There should be motivation to work; then many things will fall into place. No punitive measures will produce what can be achieved by economic levers. We need to fill the stores with goods, improve the people's standard of living. The Cabinet of Ministers will soon present concrete proposals with respect to effective social protection of the population.

[Kraslyanskiy] Leonid Danilovich, we cannot leave aside such questions as the hryvnya, monetary reform, and currency convertibility...

[Kuchma] We are already undertaking the first step towards a national currency by introducing coupons in noncash clearing operations. The second step is economic stabilization and the introduction of the hryvnya. It is true that without its own currency there is no state. It cannot conduct an independent economic policy.

Certain conditions need to be met in order to introduce the hryvnya—first and foremost, a stable economy. Otherwise how do we back up the hryvnya and introduce the convertibility you are talking about? We do not have gold reserves or goods. A declaration? Well, we have already had enough slogans. It would be better if intelligence, good sense, and the economy took precedence over politics. There was a time when politics had primacy. Today, however, it should be subservient to the economy. As is done in the rest of the world. Today the politicians, if they are sensible, should support the actions of the government, instead of yelling that the new prime minister came from the military-industrial complex. People should always be judged by their views and actions. Today all of us need to work for the country. In a civilized world any party that comes into power takes

care not so much of its own interests as of the interests of the people, who, in turn, support its economic policy. Over there, there really is a battle to make good on promises given during the election campaign with respect to improving the life of the population.

[Kraslyanskiy] Thank you, Leonid Danilovich, for this frank conversation. In conclusion, a question of a personal nature because you do not look all that great. How many hours a day do you work now?

[Kuchma] In my previous job I did not get home until 2200-2300. Here I stay a bit longer. Of course, I realize very well what I am undertaking. I will not say, however, that I regret it. I took it upon myself, and now have to carry the load. We need everyone to understand—if this Cabinet of Ministers does not get the support it needs, the future will be very bleak. I am not promising mountains of gold immediately. But the people should trust both us and the parliament that we want to, and can, make life better.

[Kraslyanskiy] The important point is that a great many people have come to trust you. Including journalists.

[Kuchma] I am counting very much on the support of the press. There should be, figuratively speaking, political support for everything we are going to do. Naturally, provided we do it right. I only want everything to be judged objectively. And I am very glad to see that the overwhelming majority of the people understand our actions—the creation of a new Cabinet of Ministers and its first practical steps.

State Adviser on 'Alternative Economy'

93UN03554 Kiev PRAVDA UKRAINY in Russian
10 Nov 92 p 1

[Interview with Igor Markulov, chief adviser to the prime minister and manager of the Cabinet of Minister's Council for an Alternative Economy, by Aleksandr Sokol; place and date not given: "To Leave the Economy as It Is Now—Is the Same as Death"]

[Text] The events that we will talk about developed swiftly and unexpectedly. No sooner was the new Cabinet of Ministers of Ukraine formed, when Ostankino delighted its television viewers: As a counterweight to it, the Liberal Party of Ukraine is establishing its own "shadow cabinet." But immediately after, there was more news, this time official: Igor Markulov, the leader of the Liberal Party (it is surmised, the head of the "shadow cabinet") became the head of the Council for an Alternative Economy of today's government.

How did all of this happen? What does the Council for an Alternative Economy—an absolutely new subdivision of the Cabinet of Ministers—represent? I tried to get the answers to these questions from Igor Markulov.

[Sokol] Igor Romanovich! Please explain the situation relative to the "shadow cabinet." It has been reported that it is almost formed.

[Markulov] This is distorted information. At a news conference that the Liberal Party held in Donetsk, an announcement was made on plans to form a "shadow cabinet" as a means of influencing the policy of the new government.

[Sokol] But people in authority emphasize: A law is needed for such an organ. Otherwise, the efforts will be in vain.

[Markulov] This aspect was taken into account. We overcame the singular legal barrier. The Liberal Party was given the opportunity to form the Council for an Alternative Economy in the government: The need to create a "shadow cabinet" disappeared.

[Sokol] Please specify what the words "alternative economy" entail.

[Markulov] This is an economy based on private property. As before, state property prevails here. It needs an alternative. The council, organized within the Cabinet of Ministers, will concern itself with this, and it will truly promote market relations.

[Sokol] How did this structure originate—spontaneously, in the course of recent events, or was it conceived earlier?

[Markulov] This kind of a matter does not arise spontaneously. There are no coincidences in politics.

[Sokol] What side do you represent? The Cabinet of Ministers or the Liberal Party?

[Markulov] In this case, I represent the party.

...The organization of the Council for an Alternative Economy has to be examined as the achievement of an alliance. There is no sense in agitating the public and creating an opposition. In addition, our position coincided with the policy of the new Cabinet of Ministers. There is only one conclusion—it is necessary to act jointly.

[Sokol] What do you visualize as the new structure of the government?

[Markulov] This organ will be formed, changed, and replenished based on needs. The manager of the council has been raised to the rank of minister. The staff will not be large in numbers of people. People will work here who know business and who desire to develop it.

[Sokol] What kind of objectives and tasks is the council setting for itself?

[Markulov] The main and most important thing is to raise business to the rank of state policy. Unfortunately, it does not exist yet. A lot here is reminiscent of Krylov's fable "The Swan, the Crayfish, and the Pike." Legislative

authority is one, executive authority, especially in the localities, is the second, and the enterprises are the third. There is no coordination or unified and purposeful actions. There are managers and whole administrative structures that even impede private enterprise, they do not desire to do it.

The Council for an Alternative Economy will see to it that truly favorable conditions are created for the development of business. After all, private property in Ukraine amounts to only two to three percent. But in European countries the ratio of private and state property is basically half and half. The new government organ is called on to promote private enterprise energetically. There should be a result within a year to a year and a half. And the maximum possible must be done.

[Sokol] What do you see as the first practical steps?

[Markulov] The organization of a currency fund exchange and the development of commercial banks. In the sphere of production—the establishment of motor vehicle construction based on corporate principles. The list is endless.

[Sokol] Igor Romanovich! Having assumed a post in a government organ, you are obliged to give up work in nongovernmental economic structures! I have in mind your duties as chairman of the board of the Aton corporation.

[Markulov] Yes, I am leaving the business. But I remain the president of the Liberal Party of Ukraine.

[Sokol] Are you not intimidated by the future position that you will assume?

[Markulov] A coward does not play hockey... You know I fear more for the future of Ukraine, more specifically the economic situation that could develop in it. To leave the economy as it is now is the same as death.

Lvov 1992 Program for Privatization of Communally Owned Enterprises

935D0044A Lvov ZA VILNU UKRAYINU in Ukrainian
8 Oct 92 p 3

[Program adopted by the Lvov City Council of People's Deputies on 18 September 1992: "Up for Sale: Shops, Cafeterias, Cleaners... The 1992 Program for Privatization of Communally Owned Enterprises of the City of Lvov"]

[Text]

General Principles

The 1992 program for privatizing the city of Lvov's communally owned enterprises has been drafted in compliance with the laws of Ukraine "On Privatizing the Property of State-Owned Enterprises," "On Privatizing Small State-Owned Enterprises (Small Privatization)," "On Privatization Documents," and the State Program

for Privatizing the Property of State-Owned Enterprises, which was validated by a Decree of the Supreme Council of Ukraine issued on 7 July 1992.

This program defines the goals, priorities, scale, and organizational means of preparing and conducting the privatization of the property of communally owned enterprises of the city of Lvov in 1992 and forecasts for 1993-1994.

This 1992 privatization program applies to and is valid only with respect to objects of privatization in the spheres of trade, public catering, and everyday services.

Part 1. Priorities and Conditions of Privatization

Section 1. Goals of Privatization

1.1 A change in the ownership of the means of production and a transfer of the right of ownership of communally owned enterprises to natural persons or juridical persons who own no portion of state-owned property, thereby laying the foundations of a market economy.

1.2 Demonopolization of and development of competition in branches of the city's economy.

1.3 More efficient utilization of the city's communally owned property.

1.4 The transfer to the new owners of functions that are not the proper function of the city's organs of state administration.

1.5 Promoting financial stabilization.

1.6 Creating conditions for a large-scale process of privatization in 1993-94.

1.7 Attracting foreign investment to the city of Lvov.

Section 2. Objects of Privatization

2.1 The objects of privatization in 1992 are:

- entire property complexes of small communally owned enterprises engaged in the retail trade, public catering, and everyday services with a maximum book value of 20 million rubles, which are designated as Group A enterprises in the State Privatization Program;
- structural subdivisions of communally owned enterprises (stores, cafeterias, hairdressing salons, clothing repair and tailoring shops, workshops, etc.) that can be separated into independent enterprises;
- shares (shares, stocks) in the city's communally owned property that are owned by economic associations, commercial structures, and other associations;
- the property of enterprises that have been closed down;

—unfinished construction projects and objects that are not in use because funds are lacking for capital repairs (reconstruction);

—communally owned enterprises leased to their labor collectives with a buy-out option before the Decree of the Supreme Council of Ukraine of 29 November 1990 "On Protecting the Sovereign Rights of the Property of Ukraine" came into effect.

2.2 Individual buildings (structures) that are part of the fixed capital of enterprises undergoing privatization shall be sold together with the objects of privatization located on their premises.

2.3 Objects of privatization located in built-in or added-on facilities shall be sold together with a patent to lease these premises for a period of five years.

2.3.1 In such cases, the object of sale (without competition to associations of buyers or by auction to all other buyers) is the indivisible whole, which consists of the enterprise's property and the patent to the exclusive right to engage in business activity on the premises in question (henceforth—patent).

2.3.2 The patent is a security that guarantees the purchaser the exclusive right to lease premises that are communally owned. The status of the patent is defined by a separate statute to be approved by the Lvov City Council of People's Deputies.

2.3.3 The patent is valid for a term of five years from the moment of its purchase by the first buyer.

2.3.4 The patent is the property of the purchaser and can therefore be sold, given as a gift, used as collateral, passed on to heirs, etc. The transfer of the right of ownership of the patent must be formalized and registered by the privatization organ.

2.3.5 Within 10 days of the date that the purchaser acquires the right of ownership of the patent, the lessor (the owner of the communal property) must conclude with the owner of the patent a leasing agreement for the premises for the period of time that the patent is valid. Simultaneously, the lease on the said premises held by the previous lessee is terminated.

2.3.6 A patent may not be resold for a period of one year from the time that it is sold for the first time.

2.3.7 When the five-year lease ends, the lessee has the preeminent right to acquire ownership of the leased premises unless they fall into the category stipulated in Paragraph 2.4 of this section.

2.4 Buildings or parts of buildings as defined in Paragraphs 2.2 and 2.3 of this section are not subject to privatization if they have national, cultural, historical, or architectural value and are under the protection of the state or are part of the Lvov Historical and Architectural Landmarks Preserve.

2.4 The list of objects of privatization is approved by the Lvov Council of People's Deputies on submission by the privatization organ.

2.6 The initiative for privatization may come from the privatization organ, the labor collective of a communally owned enterprise or of a structural subdivision of such an enterprise if it can be separated into an independent enterprise, or from prospective purchasers defined as such by this Program.

Section 3. The Seller and the Purchasers

3.1 The seller of objects of privatization is the privatization organ created by the Lvov City Council of People's Deputies.

3.2 The purchasers of objects of privatization may be:

- citizens of Ukraine, foreign citizens, stateless individuals;
- juridical persons registered on the territory of Ukraine, excepting those stipulated in Paragraph 3.3 of this section;
- juridical persons of other states;
- 3.3 The following may not be purchasers:
 - organs of state government and administration;
 - juridical persons, among whose founders and members there is even one juridical person holding any portion of state-owned property;
 - employees of the privatization organs and individuals who are prohibited from engaging in business activity pursuant to the Law of Ukraine "On Business" (except in regards their use of privatization vouchers);
- 3.4 Purchasers who are natural persons, exercise their right to take part in the process of privatization directly or through a representative who acts on the basis of a notarized authorization;
- 3.5 Purchasers who are juridical persons, take part in the process of privatization only through authorized representatives (no more than three persons);
- 3.6 Foreigners who are foreign juridical or natural persons, stateless persons, enterprises with foreign ownership registered on the territory of Ukraine, or foreign juridical and juridical persons of member states of the former USSR, or enterprises with shares (stocks) owned by such entities—may participate in the purchase of only those communally owned enterprises that are being privatized by auction.

The property purchased by them must be paid for in a convertible currency. The value in convertible currency of the object being privatized is calculated on the basis of the market rate of exchange offered by the National Bank of Ukraine. In such transactions, the price of the

object is raised accordingly by a factor determined by the State Property Fund of Ukraine.

Section 4. Preparing Enterprises for Privatization

4.1 If the enterprises that are subject to privatization are independent entities, they must be fully commercialized by the date of sale. If they are structural subdivisions of other enterprises, they must be completely separated. The procedures for commercialization and separation are established by the privatization organ in accordance with the provisions of effective legislation in Ukraine.

4.2 The procedure for inventorying the property of enterprises being privatized is set forth in an Instruction to be approved by the City Executive Committee.

4.3 The privatization organ may impose restrictions on the kinds of changes in specialization permitted (reprofiling) for objects of privatization, but not for longer than two years from the date of the concluding of the purchase-sale agreement.

Section 5. Determining the Method of Privatization

5.1 The procedure set forth by this Program for determining the method of privatizing enterprises has been drafted pursuant to the requirements of Section 2 of the State Program for the Privatization of the Property of State-Owned Enterprises.

5.2 Enterprises subject to sale are included in a privatization list. This list is submitted by the privatization organ to the City Council of People's Deputies for approval. The approved lists are published each month in the newspaper RATUSHA.

The privatization list shall include the name of the object, its location, adjusted value, area in square meters, type (separate building, added-on premises, built-in premises), the address to which privatization applications should be sent, and the deadline by which such applications must be received. The privatization organ may include additional conditions on the privatization list for the sale of an object. These conditions may not be changed after the list has been approved (see Paragraph 2.6).

5.3 Within one month of the date of publication of the privatization list in RATUSHA, interested potential purchasers must submit written privatization applications to the privatization organ. The application must contain all the information required by the Law of Ukraine "On Small Privatization" and by the decision of the Executive Committee of the Lvov City Council of People's Deputies. If a potential purchaser has already submitted a request that an enterprise be included in the list of enterprises subject to privatization, this request shall be regarded as a privatization application and no additional applications need be submitted at this stage.

5.4 If the number of applications for an enterprise received by the privatization organ by the deadline for

submitting applications is greater than one, that enterprise must be listed on the list of enterprises to be privatized by sale at auction (see Paragraph 5.8).

5.5 If only the association of purchasers formed by the labor collective of the enterprise in question has submitted a privatization application by the end of the specified term, that enterprise is automatically included in the list of enterprises that are to be privatized by means of buy-out (see Paragraph 5.8).

5.6 If no privatization application has been submitted by the deadline, or if only one such application has been received, but not from the members of the enterprise's labor collective, that enterprise shall be listed once again the following month on the privatization list. The enterprise will be listed at a reduced adjusted value as stipulated by the State Privatization Program and Ukrainian legislation on privatization.

If only one application (not from the enterprise's labor collective) is received the following month as well, the enterprise shall be sold to the applicant at the reduced adjusted value. If no application is received during the second month, the enterprise shall be listed one more time at a price reduced further (the total discount may not exceed 30 percent of the original adjusted value).

If no application is received in the third month as well, the privatization organ shall submit a proposal for approval by the City Council of People's Deputies that the enterprise in question be removed from the list of objects to be privatized, or that it be included in subsequent privatization lists, or that it be administered as communal property, or other proposals.

5.7 Enterprises that were leased to their labor collectives with a buy-out option prior to the moratorium on changing ownership of the state property of Ukraine shall be automatically included in the list for privatization by means of lease with subsequent buy-out.

5.8 After the deadline for submission of applications stipulated in Paragraph 5.3 has passed, the privatization organ shall publish the lists of enterprises subject to privatization by sale at auction, by means of buy-out, and by means of lease with buy-out. The lists of enterprises to be privatized by auction, buy-out, and lease with buy-out shall be submitted by the privatization organ for approval by the Control Commission on Privatization of the Lvov City Council. The approved lists shall be published each month in RATUSHA.

Each list must include the name of the object, its location, value, and type, as well as any other information required by law. The list of enterprises to be sold by auction must include the specific date of the auction, which must be held no later than two months after the publication of the list.

5.9 Following approval by the City Council of People's Deputies of the list of enterprises subject to privatization, the privatization organ must adopt a decision to

close each communally owned enterprise on the list and give notice of the ensuing termination of the contract to lease the premises of each such enterprise or of the contract concluded by the organization of lessees to lease the property of each such enterprise (see Section 8).

Section 6. Procedures for the Sale of Objects of Privatization

6.1 Auction

6.1.1 All interested purchasers of an enterprise available for sale by auction must submit a purchase application no later than three days before the auction.

6.1.2 Applications from purchasers must contain all the necessary information and be accompanied by 10 percent of the initial price (adjusted value as defined in the Methods issued by the Cabinet of Ministers of Ukraine), as well as a registration fee. These requirements are stipulated by the Instruction on the Procedure for Conducting Auctions to be approved by the City Executive Committee.

6.1.3 When an enterprise is sold at auction, the right to acquire the property of the enterprise and the right to lease its premises from the city passes to the participant in the auction who offers the highest price. The auction is conducted in accordance with the regulations set forth in the Instruction on the Procedure for Conducting Auctions.

6.1.4 Immediately after the conclusion of the auction, the representatives of the privatization organ and the purchaser of the enterprise shall conclude a purchase-sale agreement.

6.1.5 In the case of enterprises located in built-in or added-on premises or in buildings whose privatization is prohibited, the terms of the patent provide for concluding a contract to lease the premises occupied by the said enterprises. Refusal by the purchaser to lease the premises voids the privatization agreement.

6.1.6 The instrument of conveyance, which entitles the purchaser to operate the enterprise, must be concluded within three business days after the auction.

6.1.7 Payment for enterprises sold at auction must be made in full within 30 days of the date of the auction. After full payment has been made, the representatives of the privatization organ and of the new owner sign a bill of sale, which signifies a complete transfer of the right of ownership and leasing. Preferential discounts and extended payment plans are described in Section 7.

6.2 Buy-out

6.2.1 A buy-out applies when the only party interested in purchasing the enterprise is that enterprise's labor collective. If the labor collective wishes to buy the enterprise, it must form an association of buyers consisting of no less than 51 percent of all employees and file an

application to purchase within 30 days. The price of the buy-out is based on the adjusted value as defined in Paragraph 6.1.2.

6.2.2 The purchase-sale agreement must be concluded between representatives of the privatization organ and of the labor collective within one week of the date of approval of the applicable list. The purchaser must make payment for the enterprise within 30 days of concluding the purchase-sale agreement.

6.2.3 In the case of enterprises located in built-in or added-on premises or in buildings whose privatization is prohibited, a contract to lease the premises occupied by the said enterprises must be concluded at the same time. Refusal by the purchaser to lease the premises voids the privatization agreement.

6.2.4 The instrument of conveyance, which confirms the juridical right of the purchaser to operate the enterprise, must be concluded between the purchaser and the privatization organ within three business days after the purchase-sale agreement is signed and registered.

6.2.5 After full payment has been made, the privatization organ and the purchaser sign a bill of sale, which signifies the complete transfer of the right of ownership and of leasing rights. Until all payments are made, resale is not permitted. If all payments are not made on time, the property and premises revert to the city, and the enterprise is put on the list for sale by auction (see Paragraph 6.1 above).

6.3 Lease with buy-out

6.3.1 Enterprises that were leased to labor collectives prior to the moratorium are automatically included in the list of enterprises to be privatized by means of leasing with a buy-out option. The buy-out begins after the association of lessees and the privatization organ conclude (reconclude) a lease in accordance with the provisions of Ukrainian legislation on leasing and privatization.

6.3.2 Lessees shall make payment for the enterprise according to the terms of their contract. At the same time, they must pay 30 percent of the full amount when their purchase application is approved.

6.3.3 The lease is the legal equivalent of the purchase-sale agreement.

6.3.4 In the case of enterprises located in built-in or added-on premises or in buildings whose privatization is prohibited, a contract to lease the premises occupied by the said enterprises must be concluded at the same time. Refusal by the purchaser to lease the premises voids the privatization agreement.

6.3.5 The instrument of conveyance, which grants the right to the purchaser to operate the enterprise, must be signed after payment of the initial 30 percent has been made.

6.3.6 After full payment has been made, the privatization organs and the new owner must sign a bill of sale, which signifies the complete transfer of the title of ownership and leasing rights.

6.3.7 Until full payment has been made, the resale of the property and transfer of leasing rights are not permitted. If all payments are not made on time, the property and premises revert to the city, and the enterprise is put on the list for sale by auction.

6.4 Sale of city-owned shares in property with a mixed form of ownership

6.4.1 Shares that belong to the city in the property of enterprises with a mixed form of ownership shall be sold as stipulated by the charter of each such enterprise.

Section 7. Procedure for the Participation of Enterprise Employees in the Privatization of Their Enterprises

7.1 In order to participate in the privatization of a communally owned enterprise, its labor collective must submit a written application and also form an economic association or an association of purchasers pursuant to Part 2 of Article 8 of the Law of Ukraine "On Privatizing the Property of State-Owned Enterprises."

7.2 The registration of the economic association or association of buyers formed by the members of the labor collective is effected in accordance with the Instruction to be approved by the Executive Committee of the Lvov City Council of People's Deputies.

7.3 In the event that an enterprise is privatized by auction, the juridical person constituted by its labor collective is granted the following preferential terms:

- a 30-percent discount of the sale price at auction;

- payment for the purchased enterprise is extended over the period of a year (30 percent within 30 days, the subsequent 30 percent within six months, and the final 40 percent by the end of the year from the day that the purchase-sale agreement is concluded).

Section 8. Procedure for Closing Enterprises Subject to Privatization

8.1 Publication in the newspaper RADI SHA of the list of enterprises subject to privatization shall serve as an announcement of the closing of these enterprises, as notice to the employees of such enterprises of their ensuing discharge and termination of their labor contracts and the termination of all leasing agreements on property and premises, as well as notice for submission of claims against such enterprises.

8.2 The privatization organ shall form a closing commission for each such enterprise to be headed by the director of the given enterprise. He shall be held financially liable for the material property of the enterprise until it is completely closed (except for those assets that shall be handed over to the new owner of the enterprise by the instrument of conveyance).

8.3 Creditors of enterprises subject to privatization may file claims with the closing commission for a period of two months from the date of publication of the lists of enterprises to be privatized.

8.4 Outstanding debts, the existence of which is known prior to the conclusion of the purchase-sale agreement, are part of the adjusted value and are assumed by the purchaser.

On the last business day prior to the signing of the purchase-sale agreement, the enterprise shall be sealed by the representatives of the privatization organ in the presence of the director of the enterprise. The stamp of the enterprise shall be confiscated. The enterprise's banking transactions shall be suspended and its accounts transferred into a special account of the privatization organ.

8.6 If an enterprise is sold at auction or leased with a buy-out option, the right to operate the enterprise is transferred following the auction or after the buy-out agreement is signed. The enterprise is then unsealed, and the purchaser assumes the right to operate the enterprise. After full payment has been made, the property and leasing rights of the enterprise are transferred to the new owner.

Section 9. Social Protection for the Employees of a Privatized Enterprise

9.1 Prior to publication in the newspaper RATUSHA of the lists of enterprises approved by the City Council of People's Deputies for privatization, the privatization organ shall issue a decision to close these enterprises and approve the composition of the closing commissions.

No.	Sphere	1992	1993	1994
1	Trade	10%	60%	100%
2	Public Catering	10%	60%	100%
3	Everyday Services	10%	60%	100%

Section 2. Distribution Quotas for Income From Privatization

2.1 Income obtained in the process of privatization is deposited in the extrabudgetary privatization fund of the City Council of People's Deputies to be distributed as follows:

- reimbursement for the costs of privatization—15 percent
- financing the technical modernization and reconstruction of privatized enterprises—40 percent

9.2 The chairman of the closing commission shall inform the employees of the enterprise to be closed of this decision and shall notify each employee of his or her ensuing discharge and of the termination of the employee's labor contract.

9.3 The employees of enterprises slated for closing shall be discharged by an order of the director of the enterprise. The director of the enterprise shall be discharged by the privatization organ after the closing of the enterprise has been completed.

9.4 The employees of enterprises that have been closed are guaranteed payment of their wages and other sums in connection with their discharge from work on the schedule and in the amounts stipulated by the labor legislation of Ukraine.

9.5 All questions pertaining to the social protection and job placement of the employees of enterprises that have been closed shall be settled by the privatization organ in accordance with the provisions of Ukrainian legislation.

Part 2. Scale and Organizational Measures of the Privatization Process

Section 1. Scale of Privatization

1.1 All enterprises engaged in the spheres of trade, public catering, and everyday services on 1 May 1992 are subject to privatization in 1992-94 at 70 percent of their adjusted value (following indexation of their fixed and turnover capital).

1.2 The scale of privatization is determined in percentages of the adjusted value of enterprises that are being privatized according to their status on 1 May 1992 (following indexation of their fixed and turnover capital).

1.3 Goals for 1992 and forecast for 1993-94

—creating new jobs—20 percent

—social protection for the employees of privatized enterprises—15 percent

—providing the privatization organ with a material and technical base and material incentives for its employees—10 percent

2.2 The disposer of the designated account is the chairman of the City Council of People's Deputies on submission by the Control Commission on Privatization Matters of the City Council of People's Deputies.

2.3 Income in convertible currency is deposited into the hard currency fund of the City Council.

Section 3. Organizational Measures for the Privatization Process

3.1 Normative and methodological provisions for privatization in 1993

Drafting of Acts on Privatization To Be Approved by the Lvov City Council of People's Deputies			
No.	List of Acts	Those Responsible for Drafting	Date of Approval
1	Statute on Privatization Organs	Privatization Organ	September-October
2	Statute on the Control Commission on Privatization Matters of the City Council	Control Commission on Privatization Matters	September-October
3	Statute on the Extrabudgetary Privatization Account	Standing Commission on Planning, Budget, and Finances of the Council; Control Commission on Privatization Matters; City Executive Committee	October
4	Lists of Objects Proposed for Privatization	Privatization Organ	Monthly
5	Statute on Leasing Nonresidential Premises in Lvov	Standing Commission on Municipal Services of the Council; Privatization Organ	October
6	Statute on the Patent To Lease Premises	Standing Commission on Municipal Services of the Council; Privatization Organ	October

Drafting of Acts on Privatization Matters To Be Approved by the Executive Committee of the Lvov City Council of People's Deputies

No.	List of Acts	Date of Approval
1	Instruction on the Procedure for the Submission and Consideration of the Privatization Application	September-October
2	Instruction on Inventorizing the Property of Enterprises Being Privatized	September-October
3	Procedure for Registering Associations of Purchasers in the Process of Privatization	September
4	Instruction on the Organization and Conducting of Auctions To Privatize the Property of Enterprises	September-October
5	Forms of the Purchase-Sale Agreement, Payment for the Value of the Property, Instrument of Conveyance, Privatization Certificate, Certificate of Right of Ownership, and other necessary privatization documents	September-October
6	Statute on Material Incentives for Employees of the Privatization Organ	November

This Program was adopted by the Lvov City Council of People's Deputies at its session on 18 September 1992.

Ukraine's Acceptance Into International Financial Organizations Viewed

93U N02411 Kiev URY 1001 YY ACRYL
in Ukrainian: 24 Oct 92 p 3

[Article by Leonid Samsonenko "Where Are We Going With the IMF?"]

[Text] Ukraine officially became a member of the International Monetary Fund and the World Bank for Reconstruction and Development on 3 Sep 92. Grygoriy Pyvachenko, the finance minister of the new state, headed up the preparatory work for joining on the instructions of the President of Ukraine. The government of Ukraine authorized him to sign the articles of agreement on the founding of these two respected international financial organizations. The signing ceremony took place at the U.S. State

Department, which acts in the capacity of official repository for the statutes of the founding documents of the IMF and the World Bank.

Rights and Obligations

Ukraine, in order to legally register its membership in the International Monetary Fund and the World Bank for Reconstruction and Development, had to fulfill two conditions—adopt the corresponding legislation, so as to be in conformity with the terms of collaboration set forth in the statutory agreements of those organizations, and pay the membership dues.

The second requirement, as is generally known, turned out to be more difficult. The entry dues of Ukraine were determined to be 665 million SDR (the abbreviation is translated from English as "special drawing rights"). The SDR are an international nominal unit that operates within the system of transactions of the IMF and the World Bank. The six principal hard currencies of the

world—the United States dollar, the French and Swiss francs, the British pound sterling, the Japanese yen and the German mark—make up their foundation. The exchange rate of one SDR is \$1.20–1.30 U.S. Simple calculations thus show that the entry dues of Ukraine to the IMF are almost nine hundred million dollars.

Taking into account the acute shortage of hard currency, Ukraine availed itself of the so-called Drawing Fund created under the IMF for member countries that are experiencing financial difficulties. The debt is formulated as interest-free and open-ended credit that must be paid off to the extent possible.

As concerns the membership in the World Bank, 10,678 shares for an overall sum of one billion three hundred million U.S. dollars were allotted to the quota of Ukraine. We were to pay 7.9 million dollars of that in "hard currency," with the rest issued as an interest-free debt note. This was also done with the aim of easing entry into the bank. The borrowed funds are used, as a rule, by the World Bank in the national currency of the debtor country at the time some general measures are carried out on their territory. The hard-currency cash for the membership of Ukraine in the World Bank was paid by the Netherlands. The issue of credit to the Ukrainians on favorable terms was agreed with the government of that country. The Netherlands itself, by the way, is a sponsor country of Ukraine and a number of other member nations of this financial institution who have delegated their representation and the protection of their interests on the Board of Directors to the Netherlands. The Netherlands, aside from the financial loan, has rendered great consultative and legal assistance to Ukraine in its entry into the world financial community.

The membership of Ukraine in the International Monetary Fund and the World Bank for Reconstruction and Development, aside from "opening up" a place for it in the world community, allows it to obtain fairly substantial credits for the structural restructuring of the economy and the stabilization of its own currency, opening up the way to attracting foreign investments.

But here a question arises, and who will answer it: are our state structures and concerns ready to work under conditions of worldwide competition? It is good that in order to obtain credit from that same World Bank it is necessary not only to count everything down to the kopeck, but also to defend a specific project on a competitive footing with others. It is also good that such investment projects are already being developed together with specialists from the World Bank. They pertain first and foremost to reforming the agro-industrial complex, power engineering, transport and so on. Their practical incarnation will naturally transpire under conditions of privatization of the property of state enterprises.

The main thing is not to make mistakes in the correctness of the investment of funds, the selection of the most efficient projects. The creation of the competent and

proper body that would take on the role of filter for investment projects is undoubtedly required for that.

What Did Grygoriy Pyatachenko Say in Washington?

Grygoriy Pyatachenko, appearing on September 23 of this year in Washington with a report to the participants in the annual meetings of the International Monetary Fund and a group of representatives from the World Bank for Reconstruction and Development, emphasized that Ukraine is today among those countries of the world that require the support of those prestigious financial organizations. That situation is caused by both the economic and political conditions. Having taken the path of a market economy and formulating its own economic policy based on principles of democracy, freedom, enterprise and openness to integration into the world economic community, Ukraine is today experiencing great difficulties in its aspiration to achieve two goals simultaneously—first, to build a modern state with all of its principal institutions after the attainment of political independence; and second, to create the foundation for a market economy via the gradual implementation of economic reforms.

The appropriate laws are necessary first of all in order to achieve these goals. The parliament of Ukraine has adopted more than 160 laws over a short time, but there are unfortunately not quite enough among them that facilitate the creation of a new legal infrastructure that would correspond to the demands of a market economy. The fact that there are factors at the heart of the economic crisis inherent in the economies of most of the states in the former Soviet Union also cannot fail to be taken into account. Their economy was profoundly integrated. Under these conditions it is very difficult for Ukraine to counter the level of inflation that was unleashed in January of this year.

The Ukrainian finance minister also informed those present that those laws that are required for the introduction of economic reforms will be considered first of all in the parliament in October-November. The Cabinet of Ministers will moreover begin working out measures that clarify and supplement the program of economic reform to the end of the year and for 1993 at a minimum. It has expressed profound gratitude to the legations of those high organizations and their leadership for the consideration that was displayed in the technical assistance that was given to Ukraine in putting together the program of economic reform. The heated discussions with specialists at the international level led to an understanding of the specific features characteristic exclusively of the economies of the command-administrative system of the former Soviet Union. The specific features of the economy of Ukraine are also supplemented by the great specific gravity of the military-industrial complex, which with the program of conversion foresees converting to the production of

civilian goods for the needs of the population and saturating the consumer market with goods. That is why Ukraine supports the initiative of the European Bank for Reconstruction and Development regarding the creation of a Risk Fund to attract investments for the conversion of enterprises, and hopes for the support of the world community on this proposition and the development in the near future of a mechanism for its realization.

Grygoriy Pyatachenko emphasized—in discussing the integration of the economy of Ukraine into the world economy—that it furthers a radical structural restructuring of the national economy. In implementing the liberalization of foreign-economic relations, however, the government of Ukraine is concerned that this liberalization not lead to the destruction of the principal realms of the national economy. Foreign investments and credits will therefore be directed first of all toward achieving structural changes making use of highly efficient technologies and equipment. The ultimate aim is to revive the national economy on that basis, to balance the domestic consumer market and expand foreign trade.

The commonality of interests of all countries in the development of the world economy should not be forgotten herein. If the integration of the former socialist countries into the world economy is implemented through common efforts, it will guarantee overall gain and profit. There are long-term gains here—expansion of the opportunities for trade and investment and the consistent revival of the economy.

A stimulation of the global mobilization of resources is important for all three groups of partners—the developed countries, the countries that are developing and the countries that are going through a transitional period (from an administrative-command system to a market one)—in order to avoid the risk of insufficient financing. The chief precondition of this is a reduction in social scarcity that is leading to the depletion of investment funds, the crushing of private initiative and, as a result, to ruinous inflation.

Grygoriy Pyatachenko remarked at the end of his appearance in Washington that in the face of the commonality of the task, it is significantly easier for certain countries to achieve financial discipline than others. The industrially developed countries, in his opinion, should thus become the leaders in resolving this chief task, not only through their great weight in the financial world but also because their economic and political situation gives them the opportunity to achieve more rapid results. The rest of the countries should ensure financial stability with the aid of fundamental reforms of the economy and structural changes that are the foundation for their revival and development.

International Congress of Industrialists, Entrepreneurs Meets in Kiev

93UN0241B Kiev URYADOVYY KURYER
in Ukrainian 23 Oct 92 p 7

[Unattributed article: "The Entrepreneurs Propose: What Do the Authorities Reply?"]

[Text] The latest session of the Council of the International Congress of Industrialists and Entrepreneurs was held in Kiev at the beginning of October. Representatives of the unions of industrialists and entrepreneurs from most of the countries in the CIS, including Ukraine, took part in it. Among the issues considered were possible measures to revive and normalize settlement relations and payments among the enterprises of the states represented at the International Congress, discussion of a draft International Treaty on the Procedure for Concluding and Fulfilling Economic Agreements, the problem of creating an Arbitration Tribunal to resolve economic disputes among entrepreneurs of various countries of the CIS etc.

Great interest was elicited among those present by the report of Arkadiy Volskyy, head coordinator of the Council of the International Congress of Industrialists and Entrepreneurs, who mentioned that it is not possible to move at once to civilized market relations without the renewed influence of the state on the economy. The speaker proposed expanding state participation in the joint-stock capital of enterprises with mixed forms of ownership for this purpose, simultaneously ensuring more substantial representation for the interests of private business in the structures of authority and management. A. Volskyy also defined the fundamental economic and legal principles for a further integration of the economies of the CIS countries—recognizing their complete national sovereignty, preserving a common market, creating multinational companies and corporations, ensuring the free business activity of enterprises of all forms of ownership and creating a banking union and an International Court of Arbitration.

The Ukrainian Union of Industrialists and Entrepreneurs was represented by its president, Vasylyy Yevtukhov, who set forth a concept for solving the problem of settlements and payments among the enterprises of various countries in the CIS and members of the International Congress. A particularly difficult situation has taken shape, in the opinion of V. Yevtukhov, in the mutual transactions among the enterprises and organizations in the so-called "ruble zone." Political as well as economic factors are unfortunately having a definite negative influence on this. The president of the Ukrainian Union of Industrialists and Entrepreneurs (USPP) called on all of those present at the session of the Council to cast aside national ambitions and to be guided from now on by the well-known principle of business people around the world—business knows no borders. One concrete way of solving the existing financial problems

in the mutual relations among enterprises in the different nations of the CIS could be a one-time offset for mutual indebtedness, first and foremost between Ukraine and Russia, with such mutual offsets implemented henceforth on the basis of the international balance of payments and the bringing of prices for the goods that are delivered among the CIS countries closer to the level of world prices. The speaker also substantiated the position of the USPP, an influential non-governmental business organization, in raising other, no less important financial issues that concern business circles in Ukraine.

A Treaty on the Creation of a System of Arbitration Tribunals for the CIS Countries, a draft of which was developed by a working group of the Ukrainian Union of Industrialists and Entrepreneurs, could have great significance in setting up normal and civilized relations among enterprises in the various CIS countries and strengthening legality and order in business relations. This issue was also a topic of discussion at the Council session. They were actually talking about a package of the corresponding documents, which also included a Protocol to Recognize the Courts of the Arbitration Tribunal of the CIS and a Protocol to Form a System of Arbitration Tribunals of the CIS. Drafts of the legal documents, by the way, have already been passed along to the presidents of Ukraine and Russia for consideration, and the possibility of the adoption of the corresponding legislation and the conclusion of international agreements is becoming entirely realistic. A special form of resolution of business disputes is being proposed through a special court whose composition would be determined by the participants themselves, who would also take on the obligation of fulfilling its decision regardless of whether they like it or not. The term of authority of the members of the tribunal would be restricted to a certain time, with its composition periodically renewed. The authors of the draft have also proposed their own approach to the problem of applying certain national legislation if the parties to the dispute belong to different countries. It remains to be hoped that the Arbitration Tribunal along with the International Court of Arbitration, the draft for the creation of which has also been prepared for consideration, will soon make up a unified and effective system for the resolution of disputes among various subjects of business activity on the territory of the CIS countries.

Official on Implementing Privatization Law

93UN0355B Kiev PR UDA UKRAINE in Russian
10 Oct 92 p 2

[Interview with A.A. Dron, chairman of the State Committee of Ukraine for Housing and Municipal Services, by Tamara Mayboroda, under the "Privatization" rubric; place and date not given. "A Rosy Dream"]

[Text] A rosy dream about property is becoming real for millions of citizens of Ukraine with the issuance of the decree of the Cabinet of Ministers of 8 October 1992

concerning the mechanism for implementing the law "On the Privatization of the State Housing Fund."

Our correspondent talks with A.A. Dron, chairman of the State Committee of Ukraine for Housing and Municipal Services, on how in practice to become the owner of housing.

[Mayboroda] Anatoliy Andreyevich, the law on the privatization of housing was adopted in the middle of July. Today, the calendar shows November. What was done during this time so that the process would get started?

[Dron] Very much. A large-scale state action that has no precedent is starting. After the adoption of the law, our committee prepared a whole series of subordinate legislative acts and normative documents that confirm the establishment of the procedure for transferring housing to the ownership of citizens, participation of the former owners in the repair of privatized housing, and also compensation to apartment tenants for repairs that were not accomplished, the procedure for the payment of monetary compensation to tenants for the exchange of apartments they occupied for apartments of less living area, and so forth.

In addition, a lot of organizational and explanatory work on the mechanism for implementing this law has been and is being conducted. In particular, a general republican seminar was held on this subject in September in Zaporozhye, in which there was participation by workers of city executive committees and representatives of state administration in the localities and in enterprises that have departmental housing. The formation of various empowered privatization organs is proceeding in the republic: agents, bureaus, associations. A special consulting center on questions concerning the privatization of housing has been created under our committee. Representatives of municipal services in the localities are also providing citizens with the necessary explanations.

[Mayboroda] Let us try to answer the most urgent questions that arise in this connection. For example, may I start tomorrow to draw up privatization documents?

[Dron] You, as a Kiev resident, alas, hardly. Inasmuch as the formation of privatization services in the capital is moving much more passively than in the localities. But we will hope that we will be able to accelerate this work.

[Mayboroda] Good. I submit an application with a request to transfer the state apartment (house) that I now occupy to my ownership, and what further?

[Dron] Further, you are supposed to be helped in correctly filling out all of the necessary documents, and within a month after this, you, according to the law, will become the private owner of the housing.

[Mayboroda] And how much will this cost me?

[Dron] I should note that up to 90 percent of the citizens of Ukraine, according to our preliminary calculations, will receive housing ownership free of charge, and the state will even make an additional payment to some for the meters of overall living area that were not acquired before the privatization sanitary norms.

[Mayboroda] Let us clarify this in a specific example...

[Dron] If you wish. Let us assume a family of four persons occupies a two-room apartment with a total area of 44 square meters in a building of the "Khrushchev" type; i.e., not very comfortable according to current yardsticks.

According to the law, housing will be transferred free of charge to the ownership of our citizens at a rate of 21 square meters of total area for each member of a family, plus 10 square meters. In this case, this should amount to 94 square meters, and the difference, respectively, will be 94 minus 44; that is, 50 square meters. So the family will receive compensation for this.

[Mayboroda] What kind?

[Dron] This will be approximately 25,000 rubles [R]—R500 for each lacking square meter.

[Mayboroda] With cash?

[Dron] No. Compensation will be accomplished through privatization housing checks, or through appropriate accounts in the savings bank.

[Mayboroda] Why do I need a check, if I have already privatized the apartment?

[Dron] According to the law on the privatization of state property in Ukraine, a special certificate for R30,000, which is given to each citizen from a baby to an old person, will be convertible with respect to housing privatization checks and securities in the acquisition of land (if the law on private property in land is finally ratified by our Supreme Soviet).

[Mayboroda] It turns out that those R25,000 posited in the privatization of the apartment can be added to the certificate sum and used for the acquisition of state property by our conventional owner?

[Dron] Precisely so

[Mayboroda] Anatoliy Andreyevich, we considered a variant when the housing area being privatized is less than the norm. But what awaits those, whose area is greater than that prescribed?

[Dron] They will have to pay for the surplus. Moreover, taking into account the consumer qualities of the housing: amenities, comfort, location, and so on, and so forth.

[Mayboroda] Many potential private housing owners today fear possible high prices for its maintenance and high pay for repairs and municipal services...

[Dron] Our statute stipulates that the first post-privatization repair should be done by the former owner of the dwelling—that is, the state or the department. In the event that the new apartment or home owner prefers to do the repairs himself, he is supposed to be paid compensation according to repair prices that prevail at the moment of repairs.

As for payment for municipal services, it should be noted that up until now it has been purely symbolic. For example, with the payment of only 35 kopeks for a square meter of usable space, the expenditures of the state for housing maintenance covered only four to five percent. But this was ruinous!

Nevertheless, considering the impoverished position of our citizens today, which is conditioned by liberalized inflationary processes, the new rates for the payment of housing and municipal services will be introduced (including for those who are privatizing an apartment or a house) only after the legislative regulation of labor remuneration and after it is brought to the optimal subsistence level.

[Mayboroda] Anatoliy Andreyevich, the process of privatization of housing will continue for several years, and during its course, naturally, some kinds of specific questions and situations that are not ordinary will arise. We intend in this connection periodically to address letters of readers of PRAVDA UKRAINY to your committee...

[Dron] I have no objection. On the contrary, I consider an alliance with all mass media in this case to be useful, especially with such a solid publication like your newspaper.

[Mayboroda] Thank you. And let me ask the first delicate question. Kiev resident G.A. Kulish writes that, soon after the publication of the law "On the Privatization of the State Housing Fund," he submitted a pertinent application to the commission of the city executive committee on housing. But they recommended that he buy the apartment for several thousand rubles (coupons), being guided by the decree of the Council of Ministers of the Ukrainian Soviet Socialist Republic and the Council of Trade Unions of the Ukrainian Soviet Socialist Republic of 19 May 1989 "On the Sale of Housing to the Population." Is this correct?

[Dron] No, it is incorrect, because the named decree no longer is in force

[Mayboroda] V.M. Grigoryev from the Sumy region, Odessa resident P.L. Krinitsa, and A.D. Sidorenko from Kirovograd ask whether compensation will be paid for the expenditures of those who bought out apartments last year and year before last?

[Dron] No, they will not be paid, because ownership was acquired during the time the very same decree of the Council of Ministers was in effect

Socioeconomic Statistics for 1992 Reported

93UN02934 Kiev PRAVDA UKRAINY in Russian
29, 30 Oct 92

[Two-part report by the Ministry of Statistics of Ukraine:
"The Economy: The Crisis Continues"]

[29 Oct p 2]

[Text] A report by the Ministry of Statistics of Ukraine on the socioeconomic situation of Ukraine in the nine months of 1992 notes that a crisis situation in the economy of Ukraine is continuing. The gross national product dropped by 12 percent compared to the corresponding period of last year, the produced national income—by 13 percent, and the productivity of social labor—by 12 percent. A decline in the volumes of output in construction and agriculture was a considerable influence.

The Financial Situation

Expenditures exceeded revenues by 190.7 billion rubles [R]. The liberalization of prices and a crisis in the economy exacerbated the financial position of enterprises and organizations. The total of payments past due in the national economy increased by a factor of 147, and by 1 October came to R477.3 billion, of which arrears in mutual economic settlements between enterprises and organizations came to R472 billion, or 99 percent. Loans issued in the national economy increased by a factor of 14 and came to R1.3571 trillion. Compared to the corresponding period of last year, the amount of currency put in circulation increased by a factor of almost 45, and came to R241 billion (coupons).

The Income of the Population and Inflation

The monetary income of the population increased by a factor of 8.7 as compared to the corresponding period of last year. The increment of wages accounted for more than three-quarters of the increment of incomes. During the same period, monetary expenditures increased to a smaller degree than incomes—by R748.5 billion, or by a factor of 7.2. The bulk of the monetary income of citizens is spent to acquire goods and pay for services. Spending for such purposes increased by a factor of 7.3 and came to 62 percent of monetary income, compared to 75 percent during the nine months of last year.

The monetary savings of the population kept growing. Expenditures for acquisition of foodstuffs by workers and clerical personnel increased by a factor of nine, and by collective farmers—by a factor of 6.3, and expenditures for the acquisition of nonfood goods—by factors of 9.6 and 7.9, respectively. The need to provide nonfood consumer staples for the family, as prices for them grew more rapidly, resulted in the percentage of spending by families for the acquisition of nonfood goods exceeding that of spending for the acquisition of foodstuffs.

The monthly rate of inflation during the nine months exceeded 30 percent. Balances of deposits by the population at the establishments of the Savings Bank came to

R181.5 billion as of 1 October, which is R65.4 billion more than in the beginning of the year. At the same time, the size of the average deposit increased by 44.9 percent and came to R3,100. Besides, personal deposits of the population at other commercial banks of Ukraine came to R5 billion.

The average monthly wage of employees of the state sector of the economy (including employees of consumer unions) increased by a factor of 1.5 in the third quarter of 1992 as compared to the second quarter, and came to R6,256. Remunerations for the labor of collective farmers came to R2,282.

The growth of prices for consumer goods and services continued further. The growth rate was the highest in June and July; this was associated with the introduction of unrestricted prices for virtually all types of foodstuffs. As a result of price decontrol, foodstuffs in the state trade sector became 28 percent more expensive in June, as compared to the previous month; in July, they became 30 percent more expensive. In August and September, the growth rate of prices slowed down somewhat and came to 16 and 13 percent, respectively. During the nine months, prices for milk and dairy products, sausage products, butter, vegetable oil, eggs, potatoes, and vegetables increased the most.

The existing level of prices for certain nonfood goods, namely electric appliances, furniture, and certain kinds of clothing and footwear, far exceeded effective demand by the population. Goods for children became considerably more expensive. In total, the cost of things needed for a newborn came to almost R10,000. It costs more than R7,000 to outfit a child for school by acquiring necessary school accessories, footwear, and clothing. Prices and rates for paid services to the population also increased continuously. From among them, prices for sanatorium and resort, health care, household, and transportation services increased the most.

Following a certain narrowing of the gap between the indexes of prices for agricultural output and those for industrial products used by agricultural enterprises, which occurred owing to the introduction of supports and compensation for agricultural products by the government in June of this year, this gap for the nine months of this year once again increased in favor of industry. Compared to the corresponding period of last year, prices for the sold output of the agricultural sector, with supports and compensation taken into account, increased by a factor of 13.9, whereas those for industrial products used for the needs of agriculture increased by a factor of 24.

New Forms of Economic Operations

As of 1 October, 47,400 small enterprises and 19,500 cooperatives were in operation, employing more than 700,000 and 330,000 people, respectively. Between January and September, small enterprises and cooperatives manufactured products and sold services worth R170 billion and R50 billion, respectively. The progress of the

denationalization of industrial enterprises was slow. In the agricultural sector, the process of creating peasant (owner-operated) farms continued. These farms comprise 219,000 hectares of farm land, including 190,000 hectares of plowed land.

Some 9,700 stores and 5,900 public catering establishments operated under leases; they sold goods worth R131 billion (21 percent of sales). The conversion of the state trade sector to commercial operation continued.

The Consumer Market and the Services Sphere

No substantial changes occurred in the consumer market during the nine months. As before, the highest reductions of volumes were registered with regard to the production of consumer goods. Compared to the nine months of last year, the output of granulated sugar, meat, whole milk products, fatty cheeses, confectioneries, butter, cereals, vegetable oil, flour, sausage products, and canned goods dropped. The production of dry milk-based formulas for small children was reduced by one-half, and that of canned fruits for children, "Vitalakt," and frankfurters for baby food was reduced by one-third. The rate of reductions in the output of goods in the nonfood group was one-half of the rate for manufacturing foodstuffs, but nonetheless remained significant (8.1 percent).

In view of the disruption of links with subcontractor-suppliers of subcontracted parts and materials, only 69 percent of last year's TV sets were produced since the beginning of the year, as well as only 82 to 85 percent of washing machines and tape recorders, 94 percent of refrigerators, 79 percent of motorcycles, and 54 percent of mopeds. The rates of decline in the production of most types of electric appliances, cameras, bicycles, and compact cassettes for tape recorders remained high, as well as those for many of the most elementary goods—stamped aluminum utensils, school notebooks, pencils in wooden casings, cigarettes, and needles for sewing machines.

The delivery of potatoes to urban kolkhoz markets dropped by 19 percent as compared to the corresponding period of last year, and that of vegetables—by 15 percent. The growth of prices for these goods in the state trade sector brought about their considerable increases on kolkhoz markets by a factor of almost 10. Prices for meat products also increased: in July—by a factor of 10.6, in August—by a factor of 12.3, and in September—by a factor of 13.1. On the whole, the level of prices for agricultural goods on urban kolkhoz markets increased by a factor of 9.1.

The demand of the population for paid services still was not met.

[30 Oct p 2]

[Text]

Industry

Compared to the corresponding period of 1991, the total volume of production of industrial output in comparable

prices fell by 9.8 percent in the nine months of 1992; the average daily output fell by 10.8 percent. Labor productivity declined by 7.1 percent.

Enterprises of the fuel industry produced 98 million tonnes of the principal types of fuel (in conventional terms), which was four percent less than in the corresponding period of last year. In particular, the production of oil and gas condensate dropped by 342,000 tonnes, natural gas—by 2.8 billion cubic meters, and coal—by 689,000 tonnes. In view of reductions in the deliveries and production of oil, the volume of its refining decreased by 12 million tonnes, or 29 percent. As a result, the output of the main types of motor fuels—motor gasoline and diesel fuel—declined. By the beginning of October, coal reserves held by the main consumers of fuel came to 9.2 million tonnes, and those of heavy fuel oil to 2.5 million tonnes. In the last month, they dropped by five and 15 percent, respectively. Residual stocks of coking coal at metallurgical enterprises increased somewhat and came to 288,000 tonnes. However, this would suffice for three days of operation only. Power stations generated 184 billion kilowatt-hours of electric power, which was 11 percent less than last year.

As of 1 October, residual stocks of coal at the enterprises and in the organizations of the Ministry of Power of Ukraine came to 4.9 million tonnes, and those of heavy fuel oil to 564,000 tonnes, which, compared to the beginning of October of last year, was 55 and 15 percent higher, respectively. These stocks would suffice for 41 and 25 days of operation. Compared to the corresponding period of last year, less cast-iron and steel were produced, and less finished rolled metal and steel pipes were manufactured.

A decline in the output of key types of industrial products continued in machine building.

In the chemical industry, the output of almost all main types of products continued to fall.

The Agro-industrial Complex

The situation in agriculture remains grave. As of 19 October, 40 percent of the area planted in corn for grain were still not harvested, nor were one-quarter of the area planted in vegetables, almost one-fifth of the area planted in sunflowers, and one-seventh of the area planted in sugar beets. According to calculated data, the gross harvest of grain, including corn, on farms of all categories will exceed 40 million tonnes in weight after additional processing. However, only 10.7 million tonnes of grain, or 63 percent of state requisitions, were delivered to state stocks. As of 19 October, 761,700 tonnes of potatoes had been procured, or 25 percent less than as of the corresponding date last year, 1.2 million tonnes of vegetables, or 40 percent less, and 17,000

tonnes of melon crops, or 89 percent less. Farms were late planting winter crops because of the insufficient amount of precipitation.

Poor productivity and a reduction in the herd of cattle and poultry brought about a considerable decrease in the production and procurement of the products of livestock breeding. During the nine months, kolkhozes, sovkhozes, and interfarm enterprises produced 20 percent less meat in live weight than in the corresponding period of last year, 21 percent less milk, 19 percent fewer eggs, and 16 percent less wool. An unsatisfactory situation emerged on the farms with regard to the availability of fodder.

Capital Construction

The pace of capital construction continued to drop in conjunction with the aggravation of crisis phenomena in the economy.

As of 1 October, state requisitions for the commissioning of key facilities in 1992 included 161 facilities and complexes, mentioned by name and slated for commissioning, which were financed from the state budget, with loans, and internal funds of enterprises and organizations.

Of the total amount, production capacity was being built at 141 facilities (of which 21 were for the production of consumer goods), and units with environmental protection functions were being built at 20 facilities. In the nine months, 13 facilities were commissioned, or only eight percent of the yearly quota and 50 percent of the quota for nine months.

State requisitions for the commissioning of residential buildings for operation in 1992 at the expense of state capital investment were met at the level of 47 percent, for general schools—58 percent, for preschool establishments—35 percent, hospitals—21 percent, outpatient facilities and polyclinics—35 percent, and clubs and houses of culture—22 percent.

More than 253,000 apartments and single-unit houses from the state and public housing stock, with a total floor space of 13 million square meters, were sold to the population as personal property. The value of apartments sold came to almost R2 billion.

Transportation and Communications

During the nine months, all modes of transportation carried 1.386 billion tonnes of freight, which was 16 percent less than in January through September 1991. Higher rates for freight carriage are one of the reasons for the reduction in the volume of freight transportation. Compared to the corresponding period of 1991, rates

increased by an average factor of 27 in rail transportation, by a factor of 15 in motor vehicle transportation, by a factor of 10 in aviation, and by a factor of nine in pipeline transportation.

Public-use passenger transportation carried 5.3 billion passengers, compared to 6 billion in January through September 1991. In air transport, as a result of a 14-fold increase in fares, the volume of passenger departures declined by a factor of two, coming to 4.9 million. Passenger transport by motor vehicle generated profits of R13 billion, which is 23 percent less than during the corresponding period of last year (in comparable prices). Fares increased by a factor of more than six. The transport of passengers by river craft dropped by a factor of 1.7, and came to 9 million people.

Communications enterprises provided services worth 6.4 billion rubles [R] to the population. At the same time, rates for services increased by a factor of eight as compared to the nine months of 1991, including by a factor of 11 for postal communications and by a factor of eight for urban and rural telephone services.

Condition of the Natural Environment

A reduction in the discharge of harmful substances into the atmospheric air by stationary sources of pollution by almost 0.7 million tonnes, compared to the January through September period of last year, was facilitated by a drop in production at the enterprises of the petrochemical, metallurgical, and coal industries, and power generation. At the same time, organs of the State Committee for Hydrometeorology registered 107 cases in which maximum permissible concentrations of harmful substances were exceeded by factors of 10 or more in the atmospheric air in Gorlovka, Krasnoperekopsk, Yenakiyev, Dnepropetrovsk, Dzerzhinsk, and Armysk (during the corresponding period of last year, there were 61 cases).

The Demographic Situation

The process of natural diminution of the population continued. The number of deaths exceeded that of births by more than 70,000. The level of the birth rate came to 11.5 births per 1,000 inhabitants, compared to 12.4 during the corresponding period of last year. The death rate was 13.3 deaths, compared to 12.8.

The Incidence of Disease Among the Population

Compared to the corresponding period of last year, the number of cases of infectious diseases (measles, rubella, scarlet fever, typhoid, and paratyphoid fever, diphtheria, pertussis, and tetanus—as published) infections, syphilis, gonorrhea, scabies, infectious mononucleosis, diphtheria, tuberculosis of the respiratory organs, pediculosis, and scabies increased. Cases of rare diseases, such as brucellosis, leptospirosis, ornithosis, and anthrax, were registered less frequently. The AIDS infection spread. As of 1 October of this year, 291 carriers of the virus of human immune deficiency were found in 27 regions of the city of Kiev, and the Republic of Crimea. Most of them are citizens of Ukraine. There were 14 people with AIDS, of whom 12 were our fellow countrymen.

BELARUS

Kebich's Address on Belarusian Economy

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[Speech to the Supreme Soviet of Republic of Belarus by Prime Minister Vyacheslav Kebich; date not given: "We Must Join Forces for Our Main Cause...: Government Report 'On the Situation in the Economy and Measures for Stabilizing It'"]

[Text] Esteemed Chairman!

Esteemed people's deputies!

Indeed there is a great need for both the parliament and the people to have more complete knowledge of the present condition of our economy, how the government assesses this condition, and what steps it is taking.

You have a general idea of the situation. Therefore I see as my task not to touch upon literally every issue, since there really are so many of them, but to pinpoint the major problems and give an objective analysis of what is going on, what the tendencies are, and how events might develop from here.

First of all it is quite obvious that our economy is going through a very difficult time. There is no doubt that it bears the stamp of those processes which on the whole are associated with the transition to a completely new social-state structure. And that is perhaps the main thing. Such large transformations never proceed smoothly and painlessly. This is an objective process and it is hopeless to try to simplify it, sort everything out, and reduce it to questions like: Who is to blame? In our view, something else is more important: to perceive the overall situation correctly and determine which mechanisms should be put in motion in order to escape from the difficult situation in which we find ourselves.

There are many reasons for our present difficulties. But the ones coming to the surface most of all now are those related to the sharp limitation, with the multiple price increases, of the possibility of acquiring such vitally important resources as oil, grain, and a number of others. And this, in turn, exerts pressure on the price of the final product and has already begun to create serious difficulties with sales.

This is what determines the circumstance that the decline of industrial production we have today—and it has been about 14 percent over the past nine months—is by no means any kind of manifestation of the internal condition of our economy. It is rather a reaction to external factors and the desire to adapt structurally to the new conditions.

If for the sake of analysis we exclude from the overall volumes of industrial production oil refining, the tire industry, and productions in line for conversion, it is not difficult to see that the overall decline of production in

the remaining branches will be in the range of six to eight percent, and to a considerable degree this will be linked, especially in machine building, to a transition to a new assortment of items which are in demand. The decline of production is somewhat greater in the agrarian sector. Here too the main influence comes from factors of a structural-price nature and the provision of resources. Naturally, the situation in the base branches was reflected in the fact that national income dropped by 15 percent, and this, in turn, complicated the financial situation and limited the possibilities of investments and the fulfillment of social programs.

Nonetheless our economy, if assessed on the macro level, is fairly stable; today it is maintaining proportions between produced and utilized national income which enable it to function at levels relatively acceptable in today's conditions. In any case expenditures on accumulation and consumption in current prices do not exceed the capacities of sources formed for these purposes.

Over nine months the produced national income amounted to 411 billion rubles [R], and utilized—R387 billion or 94 percent.

In other words, our economy is not eating itself up and is capable of emerging from its present serious condition. And we must work on creating the necessary conditions for this. Of course, it is not easy to do this because constantly, almost every day, more and more new problems appear which require an immediate reaction.

And the problems are most frequently generated not so much by internal factors as by what happens in the economies of other CIS countries. For we have with these countries—and this has been emphasized repeatedly—developed economic relations which have taken form over the years and, you understand, they cannot be changed all at once.

These are truisms, but we cannot fail to take them into account. Therefore we must make sure that our relations within the Commonwealth are as much in order as possible. Nonetheless, in spite of all the difficulties, the establishment of a market economy is in progress. Restrictions have been lifted from the majority of prices, and this is a most important startup mechanism for the market. Of course, under the conditions of a commodity deficit, a free price becomes a very powerful factor for exerting pressure on both the producer and the consumer. And we have already experienced that. But there is nothing that can be done about it. A market economy has its own sometimes very rigid, even cruel, laws. The merits of free price setting may manifest themselves and they undoubtedly will when all market structures are formed and begin to work, and when the market is saturated with goods.

That is the first thing. The second thing—and this is also a most important element of the market—is that economic relations are being arranged on a principally new basis, which is diametrically opposed to the directive one. The enterprises have a possibility of a free choice of

partners on the basis of mutual economic interests without instructions from above. And business people have begun to assimilate these forms of relations and they have begun to get used to functioning independently.

Other elements of the market are also taking form. Entrepreneurial, banking, and commercial structures are being established with government support. Although slowly, privatization is still occurring. But now we are in the stage in which the state must keep its hands on many important nerves of the economy in order to make sure that the processes taking place do not go so far that negative phenomena become irreversible and the state loses the possibility of rendering the proper social support to the population. And the government, in spite of criticism from certain excessively ambitious radicals, is conducting and will continue to conduct a policy of acting in a balanced and circumspect way and doing everything possible to make it easier for people to bear the burden of the difficulties that have befallen them.

Yes, the majority of the population has a hard life these days. But we have neither famine nor mass unemployment. And the people will not freeze in their apartments during the winter. The government has done and will continue to do everything it can to ease the consequences of the economic difficulties for our people. I have discussed this repeatedly and I reaffirm it today.

Such is the general situation. Now about individual key problems. Here I would undoubtedly place questions of budget policy in the foreground. The main thing here is, on the one hand, to contribute actively to the structural rearrangement of the economy and the creation of a market environment and conditions whereby the enterprises will be interested in running the economy effectively, and, on the other, to provide for financing the necessary expenses and maintaining the standard of living of the population.

This is the approach and these are the principles we are acting on, although with considerable difficulty. And this is not a matter of too great a tax burden, as some people try to present it. The general revenues into the budget during the final period of the year amounted to 37 percent of the national income as compared to 41 percent for the same period of last year.

That is not the issue. The undercollection of budget revenues came about mainly because of the drop in the volumes of production and to an even greater degree because of the tardy receipt of payment for products shipped to other regions. During certain periods, especially the first half of the year, the indebtedness of the enterprises to the budget reached R5-6 billion, or approximately half of the monthly revenues. One can imagine how much this deficiency complicated current financing.

In the second half of the year the government and the National Bank were forced to put fulfillment of commitments to the state budget first in the sequence of payments. This made it possible in a short period of time not only to reduce indebtedness to the budget but it also motivated economic functionaries to handle their finances more carefully.

This was also the purpose of the large-scale offsetting of mutual payments and also such a large step as providing the enterprises with more working capital by using preferential long-term bank credit. All this cost billions of rubles in credit, but the measure was extremely necessary.

Although something else must also be said. Certain enterprise leaders were not conscientious about this operation and tried to obtain inexpensive credit when they had their own working capital. The National Bank had to impose order here and we support it in this.

Large budget revenue shortages were linked to a phenomenon that is relatively new to us. Practically any inspection of enterprises and commercial structures by the tax service discloses concealment of income and large underpayments. Just during the past period of the year after inspections about R1.5 billion including fines was transferred to the budget. But we have reason to assume that considerably larger sums are being concealed. Of course, one must say that tax legislation is also far from being perfect. The situation is changing, experience is being accumulated, and it is becoming obvious that there is a need to make certain changes and refinements in this legislation. And I am very glad that this question has been placed on the session's agenda. We are now proposing a reduction of the value added tax rate from 28 to 25 percent.

Proposals regarding a number of other changes both in the system of tax legislation and in the system of excise taxes have been brought up for your consideration.

The situation in the economy that has developed this year, especially in connection with the rapid dynamics of price increases, has repeatedly led to the need for budget adjustments and corrections. This development of events was anticipated. Therefore the Supreme Soviet, when approving the republic Law on the State Budget for 1992, gave the government the right to make adjustments to the approved budget if deviations both with respect to incomes and with respect to expenditures turn out to be quite significant. And even in May, taking into account the sharp increase in prices, the government was forced to do this. As a result, the volume of the budget practically doubled, but still it retained the main proportions and priorities which were placed in it initially. This made it possible as of that moment to realistically determine the amounts of incomes and finance the earmarked measures. But by September it became obvious that the actual development of events was far outpacing the adjustments that had been made. It was necessary to return to this question once again.

A serious and painstaking analysis of the preceding period was conducted and probability assessments were drawn up until the end of the year. It became clear that this time we would not succeed in maintaining the set budget proportions and above all the maximum level of the deficit. The growth of budget revenues could not provide financial resources for the growing expenses, which were related not only to the higher prices but also to the appearance of basically new demands for state funds.

These were mainly expenditures involved in the implementation of decisions of the Supreme Soviet for maintaining price parity in agriculture, increasing the minimum wage, and, effective 1 September, increasing wages for teachers, physicians, and workers in culture and art. Also included here is the need to service the republic's domestic debt, a large part of which is state indebtedness to the population for deposits in Savings Bank institutions. Large additional budget allocations were required for the implementation of the Chernobyl program, in which we ended up entirely alone, and for financing the army. All this is estimated at R100 billion and makes it necessary, with a revenue plan stretched to the breaking point, to increase the budget deficit because of the continuing growth of prices.

After all, one can imagine how our financial system and consumer market will be affected if in the future we were to restrict state expenditures as rigidly as possible while in other CIS state the budget deficit exceeded all permissible amounts long ago. Therefore from all viewpoints we will be right if the Supreme Soviet adopts the proposed amendments to the Law on the Budget for 1992 and sets the amount of the deficit in the range of 12-15 percent of the volume of expenditures.

To that one might add that this deficit was coordinated with the International Monetary Fund, whose experts recently studied the economic situation in our republic in detail. As for the budget, I would limit myself to what has been said since you have the corresponding materials and Minister of Finance S. Yanchuk will discuss this in greater detail in his report.

Our relations with the CIS countries are of immense significance for the stabilization of the republic's financial situation and its economic situation as a whole. The relatively brief but very difficult period that has passed since the appearance of this Commonwealth has convincingly shown us that attempts to separate ourselves from one another will end up in nothing but harm to our national economies.

And I think that today the leaders of the majority of the countries have recognized this. We need one another, in fact we are extremely necessary to one another. This was shown once again in our meeting in Bishkek. In spite of a certain polarity in the views on the structure of the Commonwealth, the prevailing sentiment was still a desire to find forms of organization which would carry

out the task of cooperation. I think this is of exceptionally great importance. Of course, we will apparently not succeed in the near future in reaching agreements that suit all the CIS countries. But life convinces us that we must find flexible forms of relations, including agreements on a multilateral and, if it is in the interests of the matter, a bilateral basis. Ultimately it cannot be ruled out that these agreements will become a nucleus for resolving the problems that are of exceptional importance to all CIS countries and republics of the former Union. When participating in the meeting in Bishkek we were undoubtedly guided primarily by the interests of the republic. Therefore, evaluating the situation realistically, we considered it possible, in any case for the time being, to remain within the ruble zone in order not to risk not only our economy but also the possibility of keeping the people's standard of living at today's more or less acceptable level.

We can see what ill-considered steps in this direction might result in from the example of the Baltics. Therefore I shall say simply that we are attentively keeping track of the situation and we are ready to act as the circumstances demand. Common sense and the actual state of affairs convince us that without close cooperation, without mutual support, if you will, not only we but also other CIS countries will be unable to escape from the situation in which we find ourselves today. And political ambitions are completely out of place here. We must learn to carefully build our relations with all CIS states, and especially Russia, since we have our greatest and most developed economic and other ties with it.

At this point it would not only be rash to destroy relations with Russia, it would be destructive from both an economic and a political standpoint. And in general without normal friendly relations with our eastern neighbor it would be unfeasible and impossible to build an independent Belarusian state. But unfortunately we do have forces that try to take advantage of the slightest opportunity to annoy our neighbor, even if it is only a pin prick, without even thinking about not only the political but above all the economic consequences.

The more so since Russia has taken on a part of the foreign debt of the former Union appropriate to the republic and is meeting us halfway in other issues. In particular, in spite of the fact that for all other CIS countries Russia has earmarked a policy whereby oil deliveries will be made at prices considerably above the level for Russian consumers, we have an agreement to the effect that, even if it is only until the end of this year, oil will be delivered to us at the prices in effect in Russia. True, on this plane large problems arise directly with the oil enterprises, which are demanding much higher prices.

But, no matter how things work out with prices, we must buy the oil we need, for otherwise we will place the republic in jeopardy.

One can assert with complete certainty that the higher prices of oil as the basic kind of fuel will give an impetus

for raising the prices of other energy sources. We must be deeply aware that the time of cheap fuel, toward which all our technologies and all our economic activity are oriented, has passed for good. Today proportional expenditures of fuel here are at least twice as high as they are in developed countries. Our economy cannot stand this energy load any longer.

And as we change the structure of the national economy we must take that circumstance into account and provide for a maximum reduction of energy consumption in both production and daily life. The government has taken up this problem. We also intend to significantly modernize our oil extraction and oil processing branch through introducing modern Western technologies, including more thorough processing of oil. Even this year the volume of geological prospecting work has been significantly expanded in order to increase our own extraction. A comprehensive energy-saving program is being developed. And, of course, we must get away from being bound to Russia alone for oil deliveries. Steps are being taken to expand our circle of partners for oil deliveries. We have been working for a long time to obtain it from Near Eastern countries and Nigeria. But that lies in the future. And today the reality is such that we simply have no suppliers other than our neighbor. And we must take this into consideration.

On this plane questions of foreign economic policy take on exceptional importance for the republic. And the government is actively doing the appropriate work. It is proceeding in a number of directions. The most important of them is the attraction of foreign credit. Up to the present time the overall sum of credit lines available to us amounts to about \$1.5 billion. Taking into account agreements with Western firms under specific projects, as early as next year at least \$900 million worth of credits could be invested in our economy, and most of the money will be used as investments in the development of priority branches of the economy (processing of agricultural products, petrochemistry, public health).

Recently, during my visit to Austria, we reached an agreement for government credit to be granted to us in the amount of \$500 million on a very advantageous basis. The Western countries have not offered any other CIS country such a large amount of credit, and under such advantageous conditions.

Another extremely important direction is trade with foreign countries and increased deliveries of our products for export, and we have our difficulties here. They have to do not only with our export potential, which is still not growing fast enough, but also the quantity of our products, for which there is a demand abroad, is not sufficient to satisfy the domestic market. We must find an acceptable balance here.

This year we have significantly increased deliveries of potassium fertilizers, motorcycles, radios, watches, and certain other items, although on the whole the volume of

exports has decreased. But the foreign trade balance is positive and amounts to more than \$250 million.

A special difficulty in foreign trade is presented by the fact that so far we have not dealt properly with questions of barter transactions, and today they have reached 6-7 percent of the overall volume of deliveries for export. Frequently barter transactions conducted by individual enterprises are ineffective for the republic as a whole. Moreover, they are significantly reducing the base of revenues into the state currency fund. Therefore the government is always looking for ways of improving the mechanism for influencing foreign economic processes in order, on the one hand, to protect state interests as much as possible, and on the other, to support the export-import interests of the producers themselves.

The more so since foreign economic activity will help us to solve the problem of providing resources for the enterprises. For it is mainly the shortage of resources and modern equipment and also the changing prices and market conditions that are forcing the republic's industrial enterprises to operate under completely new conditions. Especially since industry here, within the framework of the former Union, was largely formed for the exportation of products and hence was oriented toward bringing raw material in from other regions. A great deal is now being broken down here. Just take petroleum processing. Its capacities make it possible to process more than 40 million tonnes of oil a year, although a little more than half this volume is quite adequate for our own needs. The current situation with respect to oil deliveries has led to a point where the output of prepared products at our plants has dropped by 40 percent. And even if our own consumption of petroleum products is not threatened, there still remains the problem of loading our available capacities and providing for normal operation of the refineries. What solution is possible? In the first place, we can bring in others' raw material to be processed on a mutually advantageous basis. And this is already being done. More than 3 million tonnes of such petroleum have already been processed. In the second place, negotiations are being conducted for the creation of Belarusian concessions for extracting oil at the Western Siberian petroleum and gas complex. We think we will be able to have the first results next year, taking into account the fact that our petroleum workers, geologists, and builders have been working in this region for a long time.

We are no less concerned about such an extremely large multibranch complex as machine building. The technical and personnel potential created here not only makes it possible to solve the most complex problems of supplying our economy but can also contribute actively to the establishment of Belarusian exports. But today, when the demand of long-standing consumers of our products is changing sharply, there is a process of sharp narrowing of the demand for products for military and industrial purposes, and all industry is being reoriented for the needs of the population, here, of course, problems of immense complexity arise.

In a short period of time we must curtail the output of products for which the demand has decreased sharply and replace them with new ones which are in short supply today and will have guaranteed sales tomorrow. In general, a renewal of production should be in progress all the time. For this is the main sign of a normally developing economy, and it is simply impossible to survive without this under the conditions of the market. The corresponding government developments regarding this are already underway. They encompass the majority of enterprises of the main branches of industry, and a third of them are already producing their first practical results.

This problem is quite crucial in agricultural machine building, and work has already begun here. For example, the Mogilev agricultural machinery plant is being reprofiled in keeping with a government decision. Instead of machines for applying fertilizer here they have begun to produce construction-road equipment—motor-driven cranes, asphalt layers, and fork lifts. The Minsk tractor plant and Lidselmash are mastering the output of new equipment taking the market into account.

Unfortunately, this cannot be said about a number of other enterprises, and especially such a large association as Gomselmash. They are having immense difficulties with both production and sales. During nine months the output of feed harvesting combines dropped by 41 percent. By now the indebtedness to the suppliers has exceeded R1.7 billion, and to the banks for credit received—R3.2 billion. Debts exceed sevenfold the entire book value of the association's fixed capital. This is the verge of bankruptcy. A considerable share of the responsibility for the situation in which the 30,000-strong collective of Gomselmash has found itself falls on its leadership. Now Goskomprom in conjunction with local organs is looking into this association's affairs in detail, but it is already obvious that radical measures will have to be taken here.

The times are no better in machine tool building. But these are difficulties of an objective nature. The production of metal-cutting machine tools is decreasing, but it is mainly the models for which the demand has dropped. A transition to the output of special machine tools, including wood processing tools, is being carried out actively, and the production of technically complicated household equipment is also being assimilated. One can count on having the situation restored here in three to four months and the decline of production will stop. It is very hard to overcome the difficulties arising in the automotive and electrical equipment industry, bearing production, and at other machine-building enterprises. But here too there are real possibilities of getting out of the difficult situation into which they have fallen.

Conversion is a separate matter. This is the situation there now: The plans we made to change defense production over to civilian production are being carried out

on the whole. Of course, to conduct conversion completely would take a certain amount of time and considerable expenditures. This year financial aid to converted enterprises amounted to about R500 million. It was necessary to resort to writing off about R3 billion of what they owed on credit issued to them previously with the guarantee of former Union ministries.

I have had a number of meetings with enterprise directors and entrepreneurs recently. And I have been convinced once again that the majority of them know what to do and how to do it so as not only to halt the decline but to actively work for the development of production, and for our part, we will do everything we can to help them, above all with economic methods. This convinces me once again, in particular, that the government must have the possibility of flexible use of our tax system so that it can differentiate the level of taxation, taking into account the concrete circumstances and the financial position of individual enterprises. I am confident that this would help things a great deal.

That all pertains to industry. But the overall condition of the republic is determined to no less a degree by the agrarian sector. In the big picture the assessment of the situation in this sector is formed from two constituent parts. First of all, the extent to which we will be guaranteed that we can provide food for the people up until the end of the year and in the near future. And in the second place—how the producers of agricultural products themselves feel.

In answer to the first question one must say that, in spite of the fact that we are experiencing a decline in agriculture, the republic's population is not experiencing any special difficulties because of a lack of the basic food products for sale, and the government is doing everything it can to make sure that there are no interruptions in the food supply. There is a real possibility of providing the average per-capita consumption of meat and meat products per year at the level of 67 kilograms, milk—395 kilograms, and potatoes—175 kilograms, that is, for these products there should be no great deviations from last year's level. But there are difficulties with sugar and vegetable oil. As for sugar, this year the sugar beet yield was considerably below last year's. Hence there will be less sugar—by at least 40,000 tonnes. Taking into account the contracts that have been concluded for bringing sugar into the republic, it is realistic for us to expect to have within the range of 380,000-400,000 tonnes of sugar this year. This is almost 20 percent less than last year. But we are now working actively to buy sugar for next year, so that, taking our own production into account, we will not reduce sales to the population from state sources. In spite of all the difficulties, the minimum needs for sugar will be met. According to our estimates, the per-capita consumption of it will be 36-38 kilograms. This is less than was previously consumed, but it is within the normal range. True, it is within the norms that were calculated based on the normal consumption of other food products.

About vegetable oil. We ship most of it in, mainly from Ukraine. It arrives very sporadically. But on the whole the sales of it this year will be at last year's level. We intend to rectify the butter situation with imports, including for the credits allotted to us for these purposes by the European Community Commission.

Everyone, of course, is worried about how we will provide bread, and this is understandable. The overall balance of grain shipments is shaping up as follows: In order to provide the population with bread and animal husbandry with forage, we need about 10 million tonnes of it. We harvested 7.5 million tonnes this year. In order to satisfy our needs without any special strain we will need another 2.5 million tonnes. This problem is being solved as follows: We have a firm agreement with Kazakhstan for it to deliver 2 million tonnes of grain to us, and it is already being sent. Moreover, under a separate agreement we will receive 500,000 tonnes of grain from Kustanay Oblast in this same republic.

Of course, our main source of food for the people has been and still is our own agriculture. But complex processes are occurring here today. Intertwined with them are very difficult economic conditions which were brought about by the higher prices of technical equipment and other material resources that are acquired and also the lack of confidence and the lack of clarity on the part of many agricultural enterprises themselves about what will happen to the kolkhozes and sovkhozes.

The government knows and sees these problems and is sympathetic to the social movements which, to be sure, have their own positions, but they express agrarian interests and are concerned about the peasantry and how it will get out of the difficult situation in which our agriculture has found itself. The economic situation of the majority of kolkhozes and sovkhozes is indeed very grave. And the government is doing everything in its power to support them. This year R33.5 billion will be allotted from the budget in excess of what was initially earmarked. We are trying to find a position in common with the National Bank so that part of this sum can be issued in the form of credit with a state guarantee. We have already spent R200 million for supporting farmer-run farms.

All this is being done not only in the interests of the agricultural producer but in the interests of all of our population. The government's position is unequivocal here: If we want to improve the life of the population, if we want to cure our sick economy and ensure the independence of our young state—and that is the case; it can be no other way—then we must first of all create the necessary conditions for normal, motivated work on the part of all producers of agricultural products.

As for the forms of management, they can vary, but all of them have the right to exist, and ultimately it is the business of the peasants themselves which one they prefer. But today the kolkhozes and sovkhozes are basically feeding us, and therefore we must not undermine

them but support them in all ways. The engagement of mechanisms of the market economy and its most important element, free price setting, shapes social life in an entirely different way from before. Any fluctuations in the economy resonate in the lives of the people through prices.

In principle it is probably clear to everyone that there can be no market without free prices, but it is also impossible to destroy all the power of price pressure all at once. Therefore the Supreme Soviet and the government have already raised the minimum wage three times this year with simultaneous increases in the amounts of pensions, stipends, grants, and other social payments. Moreover, the government considered it necessary beginning in July to pay nonworking pensioners R300 each month in addition to their pensions. In nine months about R40 billion was spent on this out of the budget alone. We have done everything we could, everything the budget allowed, to support the people and not to allow a large part of the population to end up below the poverty level. But, of course, it has become very, very difficult for many to live.

The government will continue to search persistently for other things to do for the people, right down to further increasing the budget deficit for this purpose, which, as I have already shown today, is not small to begin with.

The next step in this direction was yesterday's adoption by the Supreme Soviet, at the government's suggestion, of a resolution to raise the minimum wage to R2,000 per month.

And on the whole it should be noted that the growth rates of wages in the national economy are fairly close to the retail price index. During nine months as compared to a similar period of last year it increased 8.2-fold while the growth of the price index was in the range of 9.3-fold. The growth of wages outpaces the price index in industry and construction. It is somewhat lower on the kolkhozes and sovkhozes, but that is without counting the incomes from private farms.

Incidentally, one of the lowest wages today is that of workers of state administrative organs. Moreover, it is growing at lower rates than in other branches. This makes it much more difficult to staff state and government structures with qualified personnel. From a material standpoint it is quite preferable to work in other spheres, especially banks and commercial structures.

And in general I must say that I cannot agree with criticism against the government about the fact that our administrative organs have swollen. There is no doubt that they must improve the quality of their work and that they must function in a much more organized, effective, and efficient way. But at the same time we cannot but take into account that we are building our independent state. We now have many functions which did not exist previously. And in order for these functions to be carried out we need the corresponding administrative structures.

And we cannot simply judge whether one or another management organ is necessary or not.

Nonetheless, we are working on ways of simplifying and reducing the staffs of state administrative organs. And the government has issued the corresponding instructions so as to find a way of reducing their numbers by about 10 percent even in the near future. Although the administrative staff is swelling most not in state organs but in economic structures. And we are now looking for approaches to imposing order here.

Returning to questions of wages, one must note that they are becoming more and more crucial for workers of budget institutions. And this problem is not crucial because it is being manifested very turbulently through the demands of teachers, physicians, and workers of culture and science. If one looks at all these things objectively, everything is in order. Many of them do indeed have low wages and they must be raised. And we can understand the concern about this shown by the commission of the Supreme Soviet that is headed by Nil Semenovitch Gilevich.

In this connection I must note the following. Within the framework of Article 34 of the Law on Education, effective 1 September wages for teachers were increased 1.5-fold. At the same time wages were increased for several other categories of workers. Of course, this does not take care of the problem completely, and the government will continue in the future to work on raising wages in branches that are financed from the budget and reduce the disparity between their wages and wages in production branches. But here I must make two reservations.

The first is that from the example of Article 34 of the Law on Education concerning wages of pedagogical workers, which received wide publicity, one must draw the conclusion that the articles of the laws being applied must be worded extremely clearly, eliminating any possible ambiguity in interpretations. In particular, attention is drawn to the fact that this article demands that the average wages of pedagogical workers be established at the level of the average wages for employees in industry. I would like to note here that the average wages for a teacher are not established in and of themselves. His wages are determined on the basis of concrete wage rates taking his qualifications into account.

The second point of considerable importance is the following: Today education workers, demanding that their monthly wages be brought into line with the wages of employees in industry, do not take into account the circumstance that payments to workers of budget institutions can be raised only if there is a source for paying for this increase. And when production is declining these sources do not form of their own accord in the necessary amount. Moreover, it is necessary to reach this source through the budget mechanism and use it for the necessary purposes. These two operations by no means coincide in time, the more so since there are no reserves in the budget. We must be extremely attentive and more

thoughtful in our use of such a delicate instrument of relations between the state and the people as wages. This pertains to all workers, and these problems must be resolved comprehensively. Have we really resolved this issues when it comes to the creative intelligentsia—writers, artists, actors? And in general everything that contributes to the support of national culture, its revival, the strengthening of the material and technical base, everything related to the Belarusian language and literature? We understand that we are in arrears here, and we will rectify this situation both with respect to taxes and with respect to wages.

Military servicemen require special support and concern. Perhaps this category of our people is now in the most difficult position and we are trying to ease this situation as much as we can. Of course, we must also devote more attention to pensioners and all who, because of their health, income level, and other objective factors, are unable to make a living. Therefore before the publication of the new law on pensions next year the government intends to continue additional monthly monetary payments to nonworking pensioners, and in increased amounts—up to R500. And we will also make a decision about indexation of the contributions of underprivileged citizens so that inflation will be less of a burden to them.

The consumer market exerts an immense influence on the entire social atmosphere, just as the social situation itself dictates the behavior of this market. The condition of the consumer market under present conditions is evaluated by a number of new indicators, including such an extremely important one as reducing its capacity, and not through oversaturation with goods but through a significant reduction of the population's ability to pay because of the high price level. This is reflected above all in the physical volumes of retail commodity turnover, which dropped by 27 percent over the nine months. A considerable part of the money was shifted to take care of the most urgent needs, and this money cannot provide for maintaining the previous level of consumption. Therefore we must have state support in order to provide the population with the necessary minimum consumption by any means.

People are very worried about the prospect of unemployment. Of course, there is justification for this. During a period of such large transformations in the economy as are now being made, unfortunately, it is impossible to avoid this.

We do not have mass unemployment yet. By the beginning of October about 15,000 unemployed people were registered with the employment office. This is 0.3 percent of the overall number of people employed in the national economy. But the government is prepared for the possibility that unemployment might increase, and it is taking all the necessary measures to ease its consequences through the payment of stipends, retraining, and other measures. At the same time we regard the right to work as a fundamental right of all citizens and we are

placing the fight against unemployment at the top of our economic and social priorities.

With all the gravity of the material position of the people, they are becoming more and more disturbed by crime, which is gathering force so that a person does not feel safe on the streets or at home, where under the guise of working in a market economy speculators of various stripes try to rob them at every step. And this was corroborated once again by the sociological study conducted recently on government initiative by a group of experts.

In view of this situation the government has stepped up measures to beat back the growing crime wave and put an end to the abuses of position and corruption which have begun to eat away society like a cancer. It is simply impossible to close our eyes to this. And we will not be stopped by the fact that certain people do not like the measures that have been taken on this account. We will redouble our efforts against crime in any of its manifestations irrespective of rank or title.

All kinds of wheeler-dealers who are trying to rob the people will be hit hard as a result of another measure we have taken—the restoration of the state monopoly on trade in alcoholic beverages, beer, and tobacco items. The sale of centrally distributed resources at exchanges is forbidden. We have clamped down on people who like to jack up prices by repeatedly reselling them. The state's role in the area of exports has increased. And it seems to me that the people approve of such actions. The people have the right to see the state as a reliable protector. And we must act properly. But it seems to me that recently a certain pattern has emerged. As soon as the government begins to take any resolute steps—whether it be price restrictions on monopolistic enterprises, regulation of the sale of wine and vodka items, or other measures in the economy or the fight against crime—the chorus of dissatisfied voices is immediately joined by certain politicians who live by the rule of criticizing everything in turn, without much concern for what this could lead to.

No, things do not always turn out the way we would like. There have been mistakes, many of them. Unfortunately, this is also linked to the fact that not all members of the government team work as a unified whole.

On the government team there are also people who try to create a cozy niche for themselves for the future, make advances to various lobbyists, and they try to protect themselves and escape responsibility for the state of affairs in those areas for which they are directly responsible. This impedes our work and I have made my complaints against them on this account. Moreover, a plan for serious reorganization of the government is increasingly maturing in my mind. And even today I am prepared to invite to the position of deputy prime minister of the government representatives of any political schools who are capable of making concrete contributions to the work of the government and contributing to the establishment of civil accord in our society.

It is no exaggeration to say that this is now the basis of everything. In no case should we allow ourselves to be caught up in the web of political discord and ethnic strife, the more so since we are all witnesses to the sad consequences of this in other republics of the former Union. Do we really need civil war, bloodshed, and suffering as well?

We must value the relative stability we have today, for which we are respected throughout the world, and not allow it to be violated. Although everywhere you look you get the feeling that some people would like very much to do this.

We must join forces in the name of the main thing—in the name of the Belarusian people and the establishment of our state.

Parliament for Adopting New Constitution

93UN03294 Minsk NARODNAYA HAZETA
in *Belarusian* 6 Nov 92 p 1

["Decree of the Supreme Soviet of the Republic of Belarus on the Proposal of a Group of Citizens of the Republic of Belarus Concerning the Performance of a Republic Referendum; Decree of the Supreme Soviet of the Republic of Belarus on the Statement of the Supreme Soviet of the Republic of Belarus 'On the Need To Expedite Constitutional Reforms in the Republic of Belarus'; and Statement of the Supreme Soviet of the Republic of Belarus on the Need To Expedite Constitutional Reforms in the Republic of Belarus]

[Text]

Decree of the Supreme Soviet of the Republic of Belarus on the Proposal of a Group of Citizens of the Republic of Belarus Concerning the Performance of a Republic Referendum

The Supreme Soviet of the Republic of Belarus decrees:

In conjunction with the violation by an initiative group for the performance of a referendum of Articles 11 and 13 of the Republic of Belarus Law "On a Popular Vote (Referendum) in the Republic of Belarus," to reject, on the basis of Article 14 of the Republic of Belarus Law "On a Popular Vote (Referendum) in the Republic of Belarus," the proposal of a group of citizens of the Republic of Belarus concerning the performance of a republic referendum with the question formulated as follows: "Do you consider it to be necessary to hold in the autumn of 1992 elections for the highest organ of state power of the Republic of Belarus on the basis of the Law 'On Elections of Belarusian People's Deputies,' a draft of which was introduced by the opposition BNF [Belarusian People's Front] in the Supreme Soviet, and, in conjunction with this, to dissolve prematurely the current Supreme Soviet?"

[Signed] S. Shushkevich, chairman of the Supreme Soviet of the Republic of Belarus
29 October 1992, Minsk

No. 1894-XII

Decree of the Supreme Soviet of the Republic of Belarus on the Statement of the Supreme Soviet of the Republic of Belarus "On the Need To Expedite Constitutional Reforms in the Republic of Belarus"

The Supreme Soviet of the Republic of Belarus decrees:

To adopt the statement "On the Need To Expedite Constitutional Reforms in the Republic of Belarus" and to publish it in the republican press (text appended).

[Signed] S. Shushkevich, chairman of the Supreme Soviet of the Republic of Belarus
29 October 1992, Minsk
No. 1895-XII

Statement of the Supreme Soviet of the Republic of Belarus on the Need To Expedite Constitutional Reforms in the Republic of Belarus

The Supreme Soviet of the Republic of Belarus has reviewed the proposal of a group of citizens of the Republic of Belarus concerning the performance of a republic referendum with the question formulated as follows: "Do you consider it to be necessary to hold in the autumn of 1992 elections for the highest organ of state power of the Republic of Belarus on the grounds of the Law 'On Elections of Belarusian People's Deputies,' a draft of which was introduced by the opposition BNF in the Supreme Soviet, and, in conjunction with this, to dissolve prematurely the current Supreme Soviet?"

While respecting the right of citizens of the Republic of Belarus to make decisions on the most important questions of state and public life via the performance of a popular vote (referendum), the Supreme Soviet of the Republic of Belarus considers it necessary to declare that implementation of the initiative of citizens with regard to the performance of a republic referendum must be carried out in precise correspondence with legislation of the Republic of Belarus.

The Supreme Soviet of the Republic of Belarus is in favor of the performance of radical reforms in all sectors of political and socioeconomic life of the republic. Basing itself on the constitutional provisions of the Declaration of the Supreme Soviet of the Republic of Belarus on State Sovereignty of the Republic of Belarus, the Supreme Soviet of the Republic of Belarus affirms its devotion to the idea and principles of a rule-of-law state. However the construction of a rule-of-law state is impossible without precise execution of the laws, and democratic reforms must occur in strict correspondence with the Constitution and the laws of the Republic of Belarus.

The initiators of the performance of a referendum have committed gross violations of Articles 11 and 13 of the Republic of Belarus Law "On a Popular Vote (Referendum) in the Republic of Belarus." The central commission on the referendum of the Republic of Belarus also violated requirements of the Law by registering the question in a formulation that does not correspond to

the existing Constitution (Basic Law) of the Republic of Belarus and by not putting proper emphasis on the violations of legislation on the referendum.

The Supreme Soviet of the Republic of Belarus, on the basis of Article 14 of the Republic of Belarus Law "On a Popular Vote (Referendum) in the Republic of Belarus," rejects the proposal concerning the performance of a republic referendum.

At the same time the Supreme Soviet of the Republic of Belarus, taking into account the political situation in the republic, considers it necessary to concentrate its attention on expediting constitutional reforms in the Republic of Belarus and adopting new election laws on a competitive basis. The Supreme Soviet of the Republic of Belarus considers its main task to be the adoption no later than 1993 of a Constitution (Basic Law) of the Republic of Belarus and the performance in March 1994 of elections to a new supreme organ of state power of the Republic of Belarus.

The Supreme Soviet of the Republic of Belarus declares that all constitutional reforms in the republic must be constructed on genuinely democratic principles with the attraction to the legislative process of citizens of the Republic of Belarus and representatives of political parties, public associations, and labor collectives.

Supreme Soviet of the Republic of Belarus

Popular Front Hits Referendum Rejection

93UN03314 Minsk NARODNAYA HAZETA
in *Belarusian* 6 Nov 92 p 3

[“Statement of the Belarusian Popular Front in the Supreme Soviet of the Republic of Belarus”]

[Text] On 29 October 1992 the Supreme Soviet of the Republic of Belarus adopted an unprecedented decree in accordance with which, counter to the Law "On a Popular Vote (Referendum)," it ignored the initiative of more than 442,000 citizens of our state concerning the performance of a referendum on the dissolution of a parliament elected during the times of the uncontested leadership of the CPB-CPSU [Communist Party of Belarus—Communist Party of the Soviet Union] and the holding of special elections to a new supreme institution of state power of the Republic of Belarus.

By its decision the Supreme Soviet showed its open scorn for the inalienable right of the people to express its will by violating in this fashion Articles 2 and 5 of the existing Constitution of the Republic of Belarus and Articles 6 and 14 of the Law "On a Popular Vote (Referendum)" of the Republic of Belarus.

The Central Commission on the Referendum did not note any violations of the Law on the part of the Initiative Group for the referendum that would have provided grounds for rejecting the holding of a referendum, as the conclusion of the Commission testifies.

Subscription lists in which the Central Commission on the Referendum discovered inaccuracies in documentation were removed from the total quantity of subscription lists. All the remaining lists, inspected by the commission, were acknowledged to be genuine and comprised 384,318 signatures of citizens, which significantly exceeded the quantity necessary for the performance of a referendum. On the basis of this a Conclusion of the Central Commission on the referendum was also published and submitted to the Presidium of the Supreme Soviet of Belarus. The Presidium, ignoring the legal will of the citizens expressed in the subscription lists, did not convene a session of the Supreme Soviet for six months, did not study the question on the referendum, and artificially delayed the obligatory resolution of the question.

On 29 October the 10th session of the Supreme Soviet of Belarus, on the recommendation of the Commission on Legislation, falsified findings of the conclusion of the Central Commission on the Referendum and presented them as gross violations of the Law. But only a court could establish such violations of the Law, even if they had occurred. In this instance the parliament is in violation of the law, having adopted an illegal decree on the basis of arguments it falsified itself. However, there is no Constitutional Court in our state.

In conjunction with the aforementioned, we, the deputies of the opposition Belarusian Popular Front (BNF) in the Supreme Soviet, declare that the Supreme Soviet of the Republic of Belarus of the 12th convocation, having rejected the legal initiative of hundreds of thousands of citizens of Belarus concerning the performance of a referendum on special elections and the dissolution of the current Supreme Soviet, has taken the path of open violation of the laws and the Constitution of the Republic of Belarus and in this fashion has in fact lost its legitimacy. The actions of the Supreme Soviet concerning the prohibition of the referendum may only be viewed as holding on to power by illegal means.

Unfortunately, the ruling majority in the Supreme Soviet of Belarus, which has done nothing to improve the life of the people, has given proof at this session of various tendencies and directions contrary to the existence of the Belarusian state and the Belarusian nation. This has been revealed in the nonadoption of a new Constitution of the Republic of Belarus, in the holding up of economic reforms, in disrespect toward the Belarusian state language and the symbols of the Belarusian state, in the desire to draw neutral Belarus into a military bloc with Russia, and in attempts to preserve the administrative and socialist system and restore the CPB-CPSU. An antistate policy is an antipeople policy, because when they do not have their own state the people are not able to enjoy the fruits of their labor.

Execution of the reactionary intentions of the nomenklatura is hindered by the activities of the united opposition of the Popular Front and the democratic parties. We, deputies of the opposition BNF in the Supreme Soviet of

the Republic of Belarus, recognize our obligations to the people in these times that are difficult for our Fatherland and, in spite of everything, remaining in rigid parliamentary opposition, will fight for the restoration of legality and for the interests of our constituents, our Belarus, and its citizens.

We will continue to be authorized representatives of our constituents, but we do not consider it mandatory to take part in voting in this Supreme Soviet.

The need for a referendum, legally affirmed by the will of 442,000 citizens of Belarus, has not been removed from the agenda. The deputies of the opposition BNF will try to achieve a cancellation of the illegal decision of the Supreme Soviet by all available constitutional means. The referendum must take place.

We, the deputies of the opposition minority, and all who voted on 29 October for the referendum and for the fulfillment of the Constitution and the Law, remain a legitimate part of that Supreme Soviet in order to keep the ruling majority from freely violating human rights, insulting the spiritual and material interests of the people, and discrediting the Belarusian state, and in order to put a determined halt to its powers on the basis of the Law.

We believe in a happy future for Belarus and a free and prosperous life for the people and, defending the legal interests and rights of the people, we hope for their understanding of our position and for their support and organized discipline.

[Signed] Deputies of the opposition BNF:

Z. Paznyak, V. Holubew, H. Syamdzyanava, S. Navumchyk, L. Zdanevich, H. Hrushavy, S. Antonchyk, U. Zablotski, Yu. Belenki, L. Tarasenska, S. Papkow, Ya. Novikaw, I. Hermyanichuk, L. Barshchewski, L. Dzeyka, P. Kholad, A. Shut, A. Trusaw, V. Kakowka, M. Aksamit, Ya. Hlushkevich, M. Kryzhanowski, S. Babachonak, M. Markevich, A. Parul, I. Pyrkh, Ya. Byaddulin, V. Malashka, V. Alampiew, M. Matsyushonak, S. Slabchanka, Ya. Tsumaraw.

Decree on State Regulation of Energy Prices

93SD01124 Minsk SOVETSKAYA BELORUSSIYA
in Russian 4 Nov 92 pp 1,2

[Decree of the Council of Ministers of Republic of Belarus on State Regulation of Prices for Certain Types of Energy Resources]

[Text] In connection with the substantial rise in prices for petroleum delivered to the republic and to ensure timely provision of the national economy with petroleum products the Council of Ministers of the Republic of Belarus decrees as follows:

1. Take into account that the supply of individual types of energy resources delivered to the republic by oil

extracting enterprises of the Russian Federation is carried out in accordance with a bilateral intergovernmental agreement at prices which will be no lower than the industrial prices in effect in the Russian Federation.

2. Ensure that the price for petroleum extracted in the republic and sold on the domestic market is determined by the "Belorusneft" Production Association upon coordination with the Committee on Petroleum and Chemistry of the Council of Ministers of the Republic of Belarus with consideration of prices for petroleum delivered from abroad.

The Ministry of Finance to work out proposals for submission to the Supreme Council of the Republic of Belarus on the introduction of differentiated excise tax rates for petroleum extracted in the republic with consideration of the mining-geological extraction conditions that have formed and determine the order in which it is to be levied and utilized.

3. Prices for petroleum products and liquefied gas supplied by oil and gas refineries of the republic for sale on the domestic market with consideration of the value added and excise taxes on it, are set by them upon coordination with republic petroleum product and gas supply organs. Establish a maximum profit margin of five percent for fuel oil at the indicated enterprises. With regard to other petroleum products (including lubricants, oil, and other types of products) the profit margin will be 20 percent of production cost.

4. The delivery of motor vehicle gasoline, diesel fuel, and fuel oil to enterprises of the Ministry of Agriculture and Food Supply, Ministry of Power Engineering, Ministry of Housing and Municipal Services, as well as to the population, who are priority consumers, will be at prices indicated in Supplement 1.

The Committee on Petroleum and Chemistry of the Council of Ministers of the Republic of Belarus, upon coordination with the State Economic Planning Committee, is to determine the volume of indicated deliveries of petroleum products to the end of 1992.

5. Allow oil refineries in the republic to sell petroleum products produced out of petroleum acquired by them in addition to the quotas determined by the government of the Republic of Belarus, in order to repay indebtedness to petroleum and gas extracting associations of the Russian Federation which occurred as a result of the freeing of prices for petroleum on 29 October 1992.

6. Request the National Bank to initiate measures to simplify operations involved in the settlement of accounts with petroleum extracting enterprises, ensure their priority crediting with financial resources, and organize control over payments for oil being received from the oil refineries in the republic.

7. The sale of petroleum products on the domestic market through petroleum product supply organizations

is carried out at industry prices (c.i.f. station of consignee) determined by these organizations proceeding from enterprise prices, with the fuel tax, and supply-marketing surcharges determined in accordance with Supplement 2. The supply-marketing surcharge takes into account the commission for intermediary services and other services by the intermediaries as well as the value added tax.

The petroleum product supply organizations, purchasing petroleum products outside the republic at prices differing from prices on the domestic market, will sell them until the end of 1992 to consumers at purchase prices with the indicated surcharges.

8. The sale of petroleum products, with the exception of kerosene and furnace fuel to all consumers (including the population) on the domestic market, is made by gasoline filling stations, trade, and other enterprises and organizations at industrial prices with the trade markup in an amount of not more than two percent. The trade markup includes marketing costs and other expenses, as well as the value added tax.

9. Gas marketing organizations sell liquefied gas to consumers (except the population) at prices set proceeding from its purchase price, expenditures connected with sale and the maximum level of profitability in an amount of 30 percent of these expenditures.

10. Revenues derived by exceeding the maximum levels of profitability are paid by the oil refineries and gas marketing organizations into the state budget out of profits remaining at their disposal in accordance with the order determined by the Ministry of Finance.

11. Determine that new prices for petroleum, petroleum products and liquefied gas are introduced from the moment of their coordination with republic petroleum product and gas supply organizations.

12. Adopt coefficients of maximum price and tariff increases for individual types of consumer goods sold to the population in accordance with Supplement 3.

13. The State Economic Planning Committee jointly with the Ministry of Finance and other interested ministries and agencies are to submit to the Council of Ministers of the Republic of Belarus proposals regarding changes in retail prices and tariffs for products and services for the population in connection with the change in prices for energy resources.

14. The oblast executive committees and the Minsk City Executive Committee will adjust tariffs for electric and heat energy for all consumers (except the population and agricultural consumers) with consideration of prices for energy resources.

15. The Ministry of Finance to submit proposals within one month concerning subsidies for gas, solid fuel, municipal services, and services of city passenger transport available to the population, as well as for meat and

dairy production, and for the financial support of individual categories of invalids in the purchase of motor vehicle gasoline and liquefied gas by them.

16. In order to ensure conservation of energy resources and structural reconstruction of energy-intensive types of production in the economy the State Economic Planning Committee, together with the Ministry of Power Engineering, and the State Committee for Industry and Interbranch Forms of Production, with participation of all others who are interested, are to work out and submit to the government of the republic proposals on energy conservation methods in branches of the national economy.

17. The Committee for Petroleum and Chemistry of the Council of Ministers of the Republic of Belarus, jointly with the Committee for Management of State Property of the Council of Ministers of the Republic of Belarus are to accelerate resolution of questions connected with the creation of joint ventures with petroleum and gas extraction associations of Tyumen Oblast.

18. the State Customs Committee, the State Committee for Foreign Economic Ties, and the Department of Economic Control of the Council of Ministers of the Republic of Belarus are to tighten control over the export of petroleum outside the republic.

Licenses for export of petroleum products to countries, former subjects of the USSR which do not belong to CIS, are issued by the State Committee for Foreign Economic Ties upon coordination with the State Economic Planning Committee and the Committee for Petroleum and Chemistry of the Council of Ministers of the Republic of Belarus.

19. Consider the following as having expired:

Points 1 and 2 of the decree of the Council of Ministers No. 370 of 17 June 1992 "On state regulation of prices for individual types of energy resources" (SP of the Republic of Belarus, 1992, No. 18, page 324) pertinent to prices for petroleum and petroleum products:

The directive of the Council of Ministers of the Republic of Belarus No. 1016 r of 9 October 1992.

[Signed] V. Kebich, chairman of the Council of Ministers of the Republic of Belarus

V. Deblikov, deputy business manager of the Council of Ministers of the Republic of Belarus
Minsk, 30 October 1992

Supplement 1. List of Individual Types of Petroleum Products For Which Maximum Prices are Established

	Maximum price increase coefficient. For prices in price list Number 04-02-03, 1992
Motor vehicle gasoline, diesel fuel, fuel oil	5

[Signed] V. Deblikov, deputy business manager of the Council of Ministers of the Republic of Belarus

Supplement 2. Supply-Marketing Surcharges For Prices on Petroleum Products

Price of the enterprise (producer-supplier) for petroleum products including value added tax (rubles per tonne)	Supply-marketing surcharge in percent of the price of the enterprise (producer-supplier)
Up to 10,000	12
From 10,000 to 15,000	8
From 15,000 to 20,000	6
From 20,000 to 25,000	5
25,000 and over	4

NOTE: The amount of the supply-marketing surcharge for individual enterprises may be altered in the established order or upon a decision of the Council of Ministers of the Republic of Belarus.

[Signed] V. Deblikov, deputy business manager of the Council of Ministers of the Republic of Belarus

Supplement 3. List of Individual Types of Consumer Goods Sold to the Population For Which Maximum Prices and Tariffs Are Established

	Maximum coefficients for previously set state-regulated prices (including value added tax).
Lamp kerosene, household heating fuel	2.0 for lamp kerosene and household heating fuel prices indicated in Price List No. 04-02-03, 1992, Section II. Commercial discounts for lamp kerosene and household heating fuel apply in accordance with Price List No. 04-02-03 adopted by decree of Department of Prices of the State Economic Planning Committee of 16 June 1992 No. 133 ts
Liquefied gas for household needs of the population	4.2 for prices and tariffs as of 15 April 1992 indicated in Price List No. 130-03, Sections II and III

[Signed] V. Deblikov, deputy business manager of the Council of Ministers of the Republic of Belarus

Adoption of the indicated decree is made necessary by the fact that as of 18 September 1992, in fulfilling the edict of the president of Russia, petroleum extracting enterprises increased wholesale prices for petroleum by a significant measure. Depending on the region of extraction prices for petroleum fluctuate between 10,000 and 24,000 rubles per tonne.

Such a situation may lead to unpredictable consequences in the economy of the republic.

In the situation that developed the government deemed it necessary to preserve economic levers influencing production and the market through regulation of prices for petroleum products.

Regulation of prices envisages rigid limitation of maximum profitability norms in the output of petroleum products and their sale to priority consumers at fixed prices.

In that manner the price for one liter of A-76 gasoline rose from six rubles to 30 rubles, while that of AI-93 increased from seven rubles to 35 rubles, etc.

As far as other consumers are concerned, the sale of petroleum products will be carried out at free (contractual) prices depending on the price per tonne of petroleum purchased in Russia, expenditures on refining, profit, and appropriate surcharges.

The same decree stipulates an increase in retail prices for liquefied gas by a factor of only 4.2 as compared with existing price on 15 April 1992 inasmuch as the rural population constitutes its principal consumer.

But even with this increase the sale of liquefied gas remains unprofitable and is subsidized by the state out of the budget.

Consequently losses produced by its sale will come to 5.5 billion rubles for the year. It is impossible to cancel appropriations out of the budget for these purposes altogether since the cost of a tank of gas would then increase by a factor of 11.5 and a resident of the republic would be forced pay an additional 1,000 rubles per year.

In this connection the government retained the subsidy allocated out of the budget. The cost of a 50-liter tank of gas will be 132 rubles.

Prices for household heating fuel and lamp kerosene remained unchanged for today, staying at the level they were on 9 October of this year:

Household heating fuel 8 rubles 40 kopeks and 9 rubles for 10 liters.

Lamp kerosene four rubles for two liters.

[Signed] A. Pokramovich, deputy director of the Department of Prices of the State Economic Planning Committee

KAZAKHSTAN

Nazarbayev, Snegur Hold Talks in Alma-Ata*93US0134B Moscow NEZAVISIMAYA GAZETA
in Russian 6 Nov 92 p 3*

[Article by Vladimir Desyatov: "Grain for Wine: The President of Moldova Visits Alma-Ata"]

[Text] On 4 November an official delegation from Moldova, headed by President Mircha Snegur, arrived in Alma-Ata on a working visit. Kazakhstan's President Nursultan Nazarbayev received his esteemed guest in his own residence. The conversation took place face-to-face, and then official talks were held at the delegation level.

Agreement was achieved on reciprocal deliveries of various products, primarily agricultural items. Kazakhstan will begin to ship grain to Moldova, and the quota on its sale will be determined by the governments involved in accordance with the prices which have actually evolved on it. In turn, Moldova has expressed its readiness to open a joint industrial winemaking venture in Kazakhstan. As a result of these negotiations, a contractual agreement was signed on mutual understanding and cooperation between the Republic of Kazakhstan and the Republic of Moldova. This agreement opens up future prospects for deepening economic and other ties between the two states concerned. In particular, favorable conditions will be provided for entrepreneurial activity; the development of joint ventures and other forms of cooperation will be encouraged. The parties involved pledged to render mutual assistance in the event of ecological catastrophes and situations caused by natural factors.

During the course of the press conference which was held after the documents had been signed Mircha Snegur stated his concern over the unfinished nature of relations with Tiraspol, whereas Nursultan Nazarbayev termed the conflict in Tajikistan as the unhealed wound of the Asian region—one to which none of its neighbors can remain indifferent.

Appeal To Set Up 'People's Unity' as 'Buffer' Against Confrontation*93US0134A Moscow NEZAVISIMAYA GAZETA
in Russian 4 Nov 92 p 3*

[Article by Vladimir Desyatov: "'A Call for Reason'—An Effort at Unification: A New Political Force as a Buffer"]

[Text] A group of this republic's political and public leaders have spoken out in Alma-Ata and have set forth an initiative for creating a new political union to be known as the "Kazakhstan People's Unity." Its organizing committee includes people's deputies, leaders of national and ethnic cultural centers, directors and managers of industrial enterprises and agricultural associations, entrepreneurs, as well as prominent figures in the

fields of science, culture, and education. People's Deputy Serik Abdrakhmanov was elected chairman; in the past he was this republic's Komsomol leader.

The republic-level press has published an appeal by the organizing committee entitled "A Call for Reason," in which the situation in Kazakhstan is assessed as complex, whereas certain symptoms are recognized as alarming. These symptoms included the crisis in the parliament, as well as the increase in corruption and crime. The appeal also points to the danger of political speculations on the soil of national extremism, keying exclusively on the interests of a specific ethnic group.

In the opinion of certain representative members of this emerging political movement, further maintenance of stability in this republic would be impossible without the creation of a strong democratic center—one which would be capable of playing the role of a buffer between the forces opposing each other and able to stimulate the unifying tendencies which exist in society. It is deemed necessary to universally strengthen the executive power and authority—a factor which would guarantee the priority of law.

It follows logically from this appeal that the new union is pursuing primarily political goals, intending via a political organization—party—to influence the conduct of the government's economic course, as well as its personnel staff, and the formation of the body of deputies.

A week before this Nursultan Nazarbayev, the president of Kazakhstan, appeared on republic-level TV and delivered quite an emotional appeal to the people of this republic. Therein he called upon its citizens to unite so that they could together survive this difficult period and not be drawn into the abyss of confrontation and destruction. Judging by all that we know, the new union could fully correspond to the president's desires. Up to now Kazakhstan has not had a sufficiently serious political force (party or movement) capable of serving as a bulwark to support the president in carrying out his policy. And, therefore, the present attempt to fill the political vacuum could be assessed as the most serious of all those attempted to date. The composition of the new organizing committee is quite representative; it includes persons who are well-known in this republic and who enjoy authority in various strata of society. However, such attempts have not yet had any successful precedents in the national states of the CIS.

Conference Assesses Agricultural Situation, Leaders Speak*934A0250A Alma-Ata SELSKAYA NOV' in Russian
No 43, 23 Oct 92 pp 1-3*

[Unattributed article: "Agriculturalists Demand Subsidies. Government Promises. But Not for All"]

[Text] As we already reported, a joint plenum of the Central Council of the Peasant Union, the Council of Kolkhozes, the Council of the Agroindustrial Complex,

and the Central Committee of the Trade Union and Strike Committee of Workers of the Agroindustrial Complex of the Republic of Kazakhstan with the participation of deputy chiefs of administrations and heads of agricultural organs in oblasts, along with ministry and agency executives, took place on 14 October.

S. A. Abdildin, chairman of the Supreme Council, S. A. Tereshchenko, the prime minister, and B. M. Tursumbayev, minister of agriculture took part in the work of the joint plenum.

The plenum discussed the situation in the agroindustrial complex of Kazakhstan. A report on that subject was delivered by K. Zh. Zhanatov, chairman of the Peasant Union.

Discussions of the report included A. I. Smykov, chairman of the Strike Committee of the Workers of the Agroindustrial Complex, V. G. Shumilov, director of the "Korostylevskiy" Sovkhoz in Semipalatinsk Oblast, K. Sakhuulin, director of the "Novobagatinskiy" Sovkhoz in Atyrau Oblast, A. T. Boyko, director of the Tomarov Sovkhoz in Alma-Ata Oblast, B. S. Suleymenov, chairman of the Engels Kolkhoz in Kzyl Orda Oblast, A. D. Maslov, chairman of the "Pobeda" Kolkhoz in South Kazakhstan Oblast, and S. K. Keribayev, director general of the Karaganda Meat Combine.

Evaluations of the situation that has formed, concrete examples, conclusions, proposals on ways out of the difficult situation and demands made on the government in the report and speeches by participants of the discussions are so similar that we will cite them without referring to their authors, but in accordance with the logical development of the deliberations that took place.

An abundant harvest of cereal crops obtained by the farmers of the republic this year is very gratifying. Naturally, that has a positive impact on the overall economic situation in Kazakhstan. But, first of all, that harvest was obtained in far from all the oblasts. Secondly, there will be enough only to settle accounts with the creditors and cover current farm expenditures up to the end of the year only in the case of the most successful kolkhozes and sovkhoses. Thirdly, success in grain production has no effect on the state of affairs in animal husbandry and with the truck farms. Therefore agricultural workers are not feeling in any way euphoric about the abundant grain harvest. They evaluate the overall situation in the agroindustrial complex as being critical.

As long ago as in April the Peasant Union and the Council of Kolkhozes appealed to the president and the Supreme Council in an open letter. The republic strike committee of workers of the agroindustrial complex, created at that time, presented the government with a package of demands consisting of 20 points. The situation in agriculture was discussed at the Eighth Session of the Supreme Council. The decree adopted by it was a hopeful sign. But the three months that have passed since

then indicated that in practice it is "not working." Individual measures alleviated the situation only temporarily.

In all countries of the world agriculture receives state subsidies. In Japan they amount to 75 percent of the total revenue of agricultural commodity producers, in Norway, Finland, and Switzerland—70 percent, in Sweden state subsidies comprise almost half of the money earned by farmers, in Canada—a third. In our case, however, for some reason, it is thought that our own agriculture, which finds itself in a much more difficult position, can get by without subsidies.

The State Committee on the Economy and the Ministry of Finance are only engaging in correspondence instead of working out certain measures in support of the agroindustrial complex. This "tactic" is manifested, for instance, in questions concerning the auctioning of enterprises of the processing industry and the procurement organizations, repeal of payments for irrigation water and many others.

With such an attitude toward agriculture by government structures the situation in it is steadily deteriorating.

The state of affairs in animal husbandry is of particular concern. It is estimated that this year losses in it at the kolkhozes and sovkhoses will come to as much as 29 billion rubles. In nine months the production of meat in the public sector dropped by 31 percent as compared with the level of last year, while deliveries of cattle and poultry ordered by the state declined by 42 percent, production of milk was down 22 percent, and its deliveries dropped by 50 percent, production of eggs decreased by 18 percent, and that of wool by 17 percent. In three quarters of this year the herds of horned stock decreased by 446,000 head (seven percent), while the number of hogs shrank by 529,000 (22 percent), goats and sheep—by 2,322 thousand (eight percent), horses—by 71,000 (six percent), and poultry by 9.6 million birds (22 percent). It is naive to assume that such a decrease in the number of animals in the public sector will be supplemented by a corresponding increase in their numbers at the private farms. The reason causing a decrease in the number of cattle at the kolkhozes and sovkhoses are equally damaging for the private owner. Establishment of a fixed price for combined fodder of up to 10,000 rubles per tonne (with subsidization of the remaining part of its cost out of the state budget does not resolve the problem of losses at poultry breeding farms and large animal husbandry complexes.

The critical situation in animal husbandry is aggravated by a deterioration in the supply of farms with fodder processing equipment, milk processing equipment, specialized transport, veterinary drugs, and other means of production.

Despite a categorical prohibition by the Supreme Council local organs of power in some of the oblasts are artificially holding back procurement prices for animal husbandry products at a level considerably below their

production cost. It is turning out that the more the farms produce and sell to the state the greater their losses. Under such conditions the earnings of rural toilers do not provide them with a minimum level of subsistence. There is an exodus of skilled personnel out of agriculture.

At the present time agricultural producers are not masters of their production and do not obtain funds from its sale for further reproduction and profitable operation of the farms. Agricultural products are managed by procurement, processing, and trade organizations. They dictate prices and get the profits. It is necessary to accelerate the auctioning of those enterprises with the established level of participation by the agricultural producers. But here is an example of what is actually happening. The rural commodity producers were offered only 10 percent of the shares at the Dzhambul Sugar Combine instead of the 51 percent stipulated by law. Sending a telegram about that, Comrade Kostyankin, chairman of the oblast kolkhoz council, requests that the interests of the rural workers be protected.

Existing legislation isolates the Ministry of Agriculture and its organs at the local level from the process of privatization. Monopolistic rights in that regard were granted to organs of the State Property Committee. Even the government itself cannot influence that process inasmuch as the State Property Committee is under the aegis of the president. Participants of the plenum expressed doubts in the ability of organs of the State Property Committee to resolve the problem in the countryside in a skilled manner.

The crisis has already enveloped the entire agroindustrial complex. Past due payments of kolkhozes and sovkhoses amount to 3.3 billion rubles, including payments to suppliers—2.7 billion rubles. In addition to that before the end of the year they will have to repay bank credits that were obtained. Overdue loan payments in agriculture will come to 50 billion rubles. According to projections agriculture in the republic will currently earn a profit of 32 billion rubles which is three times smaller than last year. Will it be able to make ends meet and acquire material resources and equipment needed for production and ensure social protection of its workers?

Participants of the plenum see a way out of this situation through state financial support of the agrarian sector, primarily through the subsidization of agricultural production and through state regulation of prices for production and technical equipment manufactured in the republic by monopolistic enterprises and used in agriculture.

Something paradoxical is taking place at this time: by government decree of 29 September of this year agricultural production was included in the list of products of monopolistic enterprises, that is its profitability level was limited in animal husbandry to 35 percent and in plant cultivation to 50 percent. At the same time the grain farms, which had an abundant harvest this year

and overfulfilled the state order in the sale of bread to the state by a factor of two to three, will be forced to pay vast sums into the budget as excessive profits. The Supreme Council, however, in its decree of 29 June of this year, set the minimum level of profitability for agricultural products no lower than 30 percent, categorically prohibiting all authorities from introducing any kind of limitations on procurement prices. The unlawful decision of the government categorizing agriculture as monopolistic and limiting its profitability level must be revoked according to the participants of the plenum. The agriculturalists also disagree with the existing order of utilizing the investment fund. Depositing over 10 million rubles into that fund this year, kolkhozes and sovkhoses as well as other agricultural enterprises will be able to receive only a half billion for investments.

The absence of an appropriate mechanism for issuance of credit to enterprises and organizations of the agroindustrial complex is causing considerable harm. Participants of the plenum expressed a strong demand for the Supreme Council to study at its next session the draft law "On peculiarities of the financing and crediting of branches of the agroindustrial complex" which has been prepared.

B. M. Tursumbayev, deputy prime minister and minister of agriculture, stipulated that he is appearing at the plenum as chairman of the Council of the Agroindustrial Complex. Supporting the thought expressed by participants of the plenum concerning the need for state support in the countryside, he underscored, that agriculture is the face of the republic and consequently any harm that befalls it harms the republic itself.

Commenting on the views sounded at the plenum concerning the feasibility of selling meat abroad B. M. Tursumbayev focused the attention of those present on the following circumstances. It would be good to sell livestock products for foreign currency on the foreign market. But that market is saturated and in order to "shoulder" our way into it, it would be necessary to sell the meat for a song, i.e. at a loss. The population of our republic consumes less meat than the medical norm. Therefore there is only one solution—subsidizing livestock products, it is necessary to maintain prices for it at a level that is within the reach of our people, thereby ensuring the sale of rural products and availability of sufficient food for Kazakh citizens. The surplus could be sold at a profit to CIS countries, many of whose products, after all, we also need, such as oil, electric power, machines, and mechanisms.

At present the government already earmarked 10 million tonnes of grain for addition to the state resources, while selling the remainder to the neighbors. This should be done in an organized fashion. Owners of the grain will set their own prices, while state administrative organs will start issuing licenses with consideration of the obligations of Kazakhstan to CIS countries and our interests in them. In selling surplus meat and wool it is likewise necessary to wait until the price situation is clarified.

In order to protect their interests at all levels agricultural workers and those in the agroindustrial complex must unify and act together. The Peasant Union is a good form of such unification and action, but up to now its organizations have not been created in all of the oblasts, to say nothing of the rayons. B. M. Tursumbayev voiced concern about the arbitrary actions by certain heads of local administrations in replacement and selection of heads of sovkhozes and also about the incompetent practices of organs of the State Property Committee in the auctioning of enterprises in the processing branches. He supported the thought expressed at the plenum to the effect that it is impossible to get by in the resolution of these important questions without the skilled participation of agricultural administrative organs. It is necessary to alter the legal norms existing in that area.

B. M. Tursumbayev reported that a concept pertaining to the development of agriculture in Kazakhstan is being worked out and will be submitted to the Supreme Council in one month. Its most important feature is a review of the structure of the economy. Finally it is important to arrive at the natural rule—in each region it is necessary to be concerned with those branches that are productive and profitable under the given soil and climatic conditions.

Prime Minister S. A. Tereshchenko addressed the participants of the plenum. He stated that he could not agree with the assertions that the government of the republic was allegedly not concerned with agriculture. In confirmation of its engagement the prime minister cited the state subsidies that were appropriated for the countryside this year, the preferential credit terms, and the procurement of highly efficient technology abroad. In the opinion of S. A. Tereshchenko, the solution to this crisis situation in agriculture and in the entire agroindustrial complex lies in the intensification of production. The subsidization of agricultural producers will be carried out by the government but not of all of them in a row, only those who are themselves working productively together with those programs that hold the greatest promise. S. A. Tereshchenko promised that proposals and demands of the participants of the plenum within the competence of the government will be studied.

Similar assurances were expressed by **S. A. Abdildin**, chairman of the Supreme Council.

After listening to the leaders of the republic, participants of the plenum nevertheless adopted a decree in which they formulated their own concrete requests for the Supreme Council and demands for the government. In addition to the ones already mentioned in this report, other principal ones include: allocation of state subsidies for basic types of animal husbandry products ensuring profitability in production of not lower than 30 percent; review of procurement prices for cereal, oil-seed, and industrial crops of this year's harvest with an eye to bringing them closer to world prices coupled with appropriate resettlement of accounts with farms for products already sold to the state; granting to the Ministry of

Agriculture of the right to export agricultural products outside the boundaries of the republic; examination of the responsibility of the heads of administrative organs for failure to comply with the adopted laws, government decisions, and standardizing documents pertaining to the activity of the agroindustrial complex; assurance that all funds deducted by enterprises of the agroindustrial complex into the investment fund are channeled in full into the development of its branches. Councils of the peasant unions and kolkhoz councils in the oblasts are urged to work out questions concerning extension of assistance to rural commodity producers in the sale of their products under advantageous conditions.

TAJIKISTAN

Recent Events, Actors Pictured, Profiled

93US01364 Moscow MOSCOW NEWS in English
No 44, 1-8 Nov 92 p 5

[Article by Asal Azamova, Grigory Kazankov]

[Text] ...Once again, armed confrontation in Tajikistan was linked to the name of Safarali Kendzhayev. Early in the morning on October 24, a column of about 40 Ikarus buses with red flags entered Dushanbe unhindered, having first routed a militia post and taken the Muslim Board building. With no special difficulty, the arrivals captured the Supreme Soviet building and the presidential palace. At roughly 6:30 a.m., Safarali Kendzhayev spoke over the local radio, declaring himself Chairman of the Supreme Soviet and Acting President.

His regime lasted a little less than 48 hours. After Kendzhayev's supporters tried to attack the Ministry of Internal Affairs and several other administrative buildings, which could have led to large-scale combat operations in the city, the units of Russia's 201st Motorized Infantry Division assumed control over the building of the Ministry of Internal Affairs and the National Security Committee, the TV Studio, the airport and the train station. Having encountered fierce resistance from the city volunteers and personnel of the Ministry of Internal Affairs and the National Security Committee, the attackers laid down their arms. About 150 persons were taken prisoner. They were not people from the Kulyab Region, as had been reported in Moscow. This time, Kendzhayev's adherents were inhabitants of the districts bordering Uzbekistan, ethnic Uzbeks who had taken no part in the conflict prior to this. As reported by Ahdzhon Salibayev, Chairman of Tajikistan's National Security Committee, nearly all the buses had licence plates from the neighbouring Surkhan-Darya Region of Uzbekistan. It is believed in Dushanbe that Kendzhayev had hired mercenaries and motor vehicles.

MN File

Safarali Kendzhayev, 48, a lawyer by education and transport procurator ex officio, became a people's deputy two years ago. In the autumn of last year he was

the chief campaigner for the election of Rakhmon Nabiyev, which—in the opinion of the independent Tajik press that published facts about the rigging of the elections—gave him boundless influence on the President. After the elections, in December, Kendzhayev became Chairman of the Supreme Soviet, yet in May 1992 he was dismissed from this office under pressure from a two-month-long mass rally, and on August 11, with an overwhelming majority of votes, a Supreme Soviet session approved of his resignation.

On Friday night, a few hours before the "march on Dushanbe," in a telephone talk with the MN editorial office, ex-President Rakhmon Nabiyev said that his comeback would also depend on how Boris Yeltsin's talks with Akbarsho Iskandarov proceeded in Moscow. Acting President and Supreme Soviet Chairman Iskandarov's working visit to Moscow, hushed up by the press, seems to have egged on the preparations for Kendzhayev's offensive. The moment chosen was a fortunate one: the government's desperate attempts to reinforce the power structures and law-enforcement bodies, with the help of Russia and the neighbouring republics, could be crowned with success, and then the seizure of power would become problematic.

Akbarsho Iskandarov is no ordinary figure in Tajik politics. He is the first native of the South in the past 40 years to have occupied such a high post.

MN File

Iskandarov, 41, a building engineer by education, has held government and party posts in the Gorno-Badakhshan Autonomous Region. In February 1990, he was elected a people's deputy, and in April of the same year—Vice-Chairman of the Supreme Soviet. On August 11, 1990, on President Nabiyev's motion, a session of the Supreme Soviet elected him Chairman of the Supreme Soviet to replace Safarali Kendzhayev. Last September 7, Iskandarov took over—in accordance with the Constitution—the powers of the President, who had signed a resignation letter. He is well known for his caution in decision making.

On the same team with Iskandarov is Abdumalik Abdulladzhonov, the Acting Prime Minister, who is a key figure in the corridors of power.

MN File

Abdulladzhonov, 43, was born in Khodzhen (Leninabad Region) and graduated from the Institute of Technology in Odessa. He was Minister of Grain Products, then chairman of the NON (Grain) firm. In 1991, he took an active part in Rakhmon Nabiyev's electoral campaign. Also at that time, independent newspapers featured reports about Abdulladzhonov's involvement "in certain mafia structures." He has the reputation as a successful entrepreneur. General Procurator Khuvaiddulloyev instituted criminal proceedings against Abdulladzhonov on the suspicion of financial machinations, but the case was terminated. The very nomination of Abdulladzhonov, a

spokesman for the prominent and powerful Leninabad clan, to the post of Acting Premier, marked the beginning of a compromise between Leninabad and the central government in Dushanbe and, simultaneously, an understanding that Leninabad would not insist on the comeback by Nabiyev, its native son. On October 20, a session of the Leninabad Regional Soviet elected as its Chairman Abduszhali Khakimov, who worked as director of the Kairakkum bread-baking complex and was closely related to Abdulladzhonov.

The resignation of Kendzhayev, and then also of President Nabiyev, and the agreement between Leninabad and Dushanbe, cut the ground from under the feet of Kulyab armed formations acting on Rakhmon Nabiyev's behalf. So far, they have enough military might to capture Kurgan-Tyube and to ravage its land with armoured hardware under red flags. But the end of internecine strife is only a matter of time. Everything depends on how soon the power structures gain in strength and a compromise is reached between Dushanbe and Kulyab.

It is these two missions that State Counsellor Davlat Khudonazarov considers to be of paramount importance. "For the sake of achieving peace and accord in the republic, there is a need to go as far as accepting some of the Kulyab people's demands—for example, on the resignation of some members of the government and a change of the leadership of the State Committee for Television and Radio Broadcasting, whose one-sided position in the conflict has greatly harmed the prospects for a civil accord. Otherwise, Tajikistan will repeat the history not even of Lebanon, but Somalia," Khudonazarov said in an interview with MN. Famine has already gripped the Kurgan-Tyube and Kulyab regions and Gorny Badakhshan. People are dying not only from wounds, but also from the shortage of food.

MN File

Davlat Khudonazarov, b. 1944, graduated from the All-Union State Institute of Cinematography. A prominent cameraman and film director, and a winner of the State Prize of Tajikistan, he came to politics in 1989, becoming a USSR people's deputy. At the 1st Congress he was one of the founders of the Inter-Regional Group of Deputies, and became a member of its Coordination Council. In 1990, he was elected chairman of the Film Makers Union of the USSR. In 1990-91 he was a member of the CPSU Central Committee. He spent the mid-August days of 1991 in the Russian Federation White House. In the presidential elections he was Nabiyev's main opponent and polled about a third of the votes. He is known as a persistent champion of civil peace in the republic. His peace-making mission in June prevented military hostilities and made possible the conclusion of the Khorog agreement. His credo: "I shall always be with the people who are being oppressed." A few days ago he was appointed Main State Counsellor.

which bears witness to the government's intention to look for a compromise with the Kulyab armed formations.

Foreign Minister Khudoiberdy Kholiknazarov sees relations with Russia and the neighbouring Central Asian republics as the priority of Tajikistan's foreign policy.

MN File

Khudoiberdy Kholiknazarov, b. 1951, is by education an orientalist specializing in Iranian studies. He worked as an interpreter in Iran and Afghanistan, lectured at the institutions of higher learning in Dushanbe, has command of Farsi and English, and is a Candidate of History. By President Nabiyev's Decree of May 11, 1992, he was appointed Minister of Foreign Affairs. He is also a Candidate Master of Sports in chess.

None of the government's positive steps will achieve their ends without support from the Supreme Soviet of Tajikistan.

The Supreme Soviet voted to include three persons loyal to the national-democratic forces in the Presidium of the Supreme Soviet, and enlarged the Presidium's composition to 16 members. In the absence of the President, it is largely the Supreme Soviet's Presidium that will lay out domestic and foreign policy. But the balance of power on the presidium is still in favour of the conservatives. The paralysis of executive authority and the dislocation of state structures were predetermined in many respects by the stand taken by the Supreme Soviet, which at critical moments failed to gather a quorum, due to the absence of Leninabad deputies. It thus evaded dealing with the issues which were of vital importance for Tajikistan.

It can be predicted that the conflict between the government and the Supreme Soviet will continue, and considerably arrest the restoration of state structures and economic rehabilitation. And the main burden in resolving these problems will have to be shouldered by the government.

Russian Commission Dubious on Help to Tajikistan After Visit

93US0135B Moscow TRUD in Russian 3 Nov 92 p 2

[Interview with Colonel General Gennadiy Vasilyevich Filatov, representative of the State Committee on the Extraordinary Situation, by Viktor Badurkin; place and date not given: "The Problems Are Not To Be Solved by Force"]

[Text] With each passing day, the news from Tajikistan becomes more and more alarming. The leaders of the opposing factions are engaged in a furious struggle for power. And the people are on the brink of starvation. Humanitarian aid is urgently needed. This was the conclusion reached by the Russian Governmental Commission which recently returned from a trip to the Tajik republic.

"There can be no order in a state where all the leaders are 'provisionally or temporarily acting.'" This is the considered opinion of Colonel General Gennadiy Filatov, a member of the commission and a representative of the State Committee on the Extraordinary Situation. "No one is responsible for anything. Everybody is engaged in politics; they are all striving to get into power, but they do not know what to do with that power. Food and other products are running out; fuel is also nearly exhausted; winter is at hand, but the 'leaders' are indifferent to all this...."

"We thought that we would arrive in Dushanbe with glad tidings for the Tajiks. The Russian government—despite the difficult situation with regard to foodstuffs in our own country—had adopted a decision to render urgent humanitarian aid to this fraternal nation. And suddenly, at our very first meeting with the leaders of this republic, B. Safarov, the minister of transport, stood up and declared the following (for some reason in the name of the entire nation): 'We do not need your aid. It would be better to withdraw your troops more quickly.' He was 'seconded' by Kh. Kardiknazarov, the minister of foreign affairs. And this was said by persons who had taken their oath to care for their people...."

[Badurkin] And how were you met by members of the opposition party?

[Filatov] I don't even want to remember that at all. Domulla Abdugafor—the head of the Islamicist faction—had planned to seize our entire commission, but he miscalculated somehow. Nevertheless, I had occasion to spend some time as his "guest." The impression was not the most pleasant.

[Badurkin] What did Domullo wish to achieve by kidnapping and holding the Russian Commission?

[Filatov] He wanted to exchange us for enough military equipment and arms to outfit a motorized infantry division. He was also not very pleased that we wanted to feed people. He needed to fight, and so he wanted us to give him arms.

[Badurkin] Nevertheless, you are now forming up trains filled with foodstuffs. Are you sure that they will reach the common, ordinary people—those who are genuinely in need of such products?

[Filatov] All the goods from Russia will be received by the commanders of military units in Dushanbe, Kurgan-Tyube, and Kulyab. These items will be distributed with their participation. And so the possibility of foodstuffs "leaking out to the side" will be excluded. In the first place, they will be received by refugees from the combat areas and those who have saved themselves from bullets in the cities.

[Badurkin] Gennadiy Vasilyevich, you headed up the peacekeeping forces in South Ossetia. How do you regard the idea of sending analogous units into Tajikistan?

[Filatov] Such matters fall within the jurisdiction of the parliament and the government. My own personal opinion is that—sooner or later—we will have to do that. Because, you know, there is a real civil war taking place in Tajikistan. People have been stupefied by propaganda and mutual hatred. Only a third force—a peacekeeping one—can put a stop to this fratricidal slaughter. The warring factions must be separated as soon as possible; they must be given a chance to look around them, to "cool down," and think things over.

Furthermore, there is quite a large Russian-speaking population in Tajikistan. And inasmuch as we are not indifferent to the fate of these people, we must act instead of merely talking. Because, of course, there has already been one critical moment; it was when extremists from all over Dushanbe herded Russians into the staff headquarters of the 201st Division and threatened to shoot them unless the division commander gave them arms and tanks. That fine fellow, General Ashurov (who, by the way, is a Tajik by nationality) quelled this incident. But where is the guarantee that such things will not be repeated?

[Badurkin] There are some 300 families which have been living in shelters in Kurgan-Tyube for more than a month now. Could it be possible that Russia lacks the capability of evacuating them?

[Filatov] Unfortunately, we still cannot take them out by means of railroad transport; the tracks have been disconnected, and there are no rails or ties available. Repair crews have twice attempted to restore the branch-line in question, but they were shot at. We have had to begin the evacuation by military-transport airplanes. Two trips have already been completed. I hope that we will soon bring out all those who need to leave.

[Badurkin] There are quite a few analogies to the Afghan drama in the situation which is developing in Tajikistan. Won't Russia's intervention here also lead to a similar finale?

[Filatov] As a person who went through the "Afghan" experience, I am confident that this will not happen. The Russian troops who are stationed in Tajikistan are not intervening or interfering in the military actions of the parties involved; they are observing and will continue to observe the strictest neutrality, despite all attempts to draw them into the conflict.

Economy Said on Verge of Collapse

93US0135D Moscow SOVETSKAYA ROSSIYA
in Russian 11 Nov 92 p 1

[Report: "Economy on Verge of Collapse"]

[Text] Tajikistan's national economy has now come to the brink of utter collapse. For three days the only railroad linking Dushanbe with the CIS countries has been blockaded. Enterprises are being shut down due to the lack of raw materials and other materials; the work of

truck transport has been paralyzed, and it is hard to imagine the economic life of this republic without it, some 93 percent of its territory is mountainous. In Tajikistan almost one-third of all industrial output is produced in sectors which operate completely on imported raw materials. Tajikistan, in turn, cannot ship out cotton fiber, aluminum, or other export items.

Urgent measures are being undertaken to put railroad transport back in good working order. However, success has not been achieved so far in lifting the railroad blockade on the Dushanbe-Khona-Pakhtabal sections, where the combatants have taken apart the rails in three places.

Afghan Instructors Said Helping Islamic Fighters

93US0135C Moscow RABOCHAYA TRIBUNA
in Russian 11 Nov 92 p 2

[Report: "Is Khekmattiar Fighting in Tajikistan?"]

[Text] One of the members of the Tajik leadership told me last week in a confidential conversation that he had at his disposal irrefutable facts concerning the participation by instructors from Afghanistan in military actions on the side of fundamentalist factions from Pyandzh.

During the past holidays representatives of the presidents of Kyrgyzstan, Kazakhstan, and Uzbekistan met with leaders of Kulyab Oblast and field commanders of the Kulyab armed formations. At the meeting Saidov, deputy chairman of Tajikistan's Supreme Soviet, and Feliks Kulov, vice-president of Kyrgyzstan, were presented with documents, which had been discovered in the possession of Aslanov, the chairman of the Kurgan-Tyube Oblispolkom at the time of his arrest.

According to Feliks Kulov, among the documents confirming the participation by Khekmattiar, the leader of the Islamic Party of Afghanistan, in the events occurring in Tajikistan was a pass to Afghan territory with a visa from this party for Aslanov himself, as well as for members of the leadership of Pandzhskiy Rayon.

The Kulyabians have proposed conducting an open trial of Aslanov and the publication of the facts concerning the rendering of aid from Afghanistan to the pro-government armed formations.

[Broadcast Digest]

Situation, Russian Diplomacy After Government's Fall Critiqued

93US0135A Moscow ROSSIYSKAYA GAZETA
in Russian 13 Nov 92 p 7

[Article by Vladimir Kuznechevskiy, deputy editor in chief: "Central Asian Breaking of the 'Islamic Yoke' Tajikistan's Leadership Has Developed Its Own Plenipotentiary Powers"]

[Text] And so the government of Tajikistan has, after all, proved to be incapable of remaining at the helm of power which it had seized by force. As stated at a joint special session of the Supreme Soviet Presidium and the republic's government, Tajikistan's entire leadership has submitted its resignation.

The reason cited was the desire to preserve the nation's integrity and prevent the disintegration and collapse of state sovereignty. The impression one gets, however, is that the bloc of "Islamicists" and "Democrats" which had earlier seized power in the capital, pressed from the South by the armed formations of Kurgan-Tyube and Kulyab oblasts, and from the North by those of Leninabad Oblast, could not hold out against the scale of the civil war which is now raging in this republic; and it doubted the possibility of knitting together a regime based on Islamic power.

ROSSIYSKAYA GAZETA has already written that—despite all the obvious lack of coinciding strategic interests among the forces opposed to the offensive in Tajikistan of the "green" banner of Islam—the resistance to the attempts at Islamicization is still quite great, and the situation in Tajikistan will hardly be resolved peacefully unless the Islamicists cease their activity (see the commentaries by Demidov and Larin in our newspaper's issues of 28 October and 6 November). Reality has confirmed these predictions.

Unfortunately, we must note that in this far-from-simple situation Russian diplomacy has shown that it is still incapable of profoundly analyzing the complexities of political matters in these newly foreign areas. Literally a week ago it seemed evident to Andrey Kozyrev, the president of Russia's personal representative—after completing a trip to Central Asia—that the pro-Islamicist forces in Tajikistan, even if they do not come out on top right away, in any case will be able—with the open support from the southern borders (primarily from Afghanistan)—to become the most influential force in the republic. It was specifically for this reason that Kozyrev—together with the leaders of Kazakhstan and the Central Asian republics—agreed to the creation in Tajikistan of a new provisional form of power or authority in the form of a State Council. However, as early as the next day not only the leaders of the Kulyab militarized factions, not to mention those on Rakhmon Nabiyev's native turf—in Leninabad Oblast—but even the area controlled by Tursun-zade, where most of Tajikistan's Uzbek population reside, spoke out against the State Council.

Judging by all that we know, a considerable portion of Tajikistan's population has an extremely cautious attitude toward the attempts by the pro-Islamicist forces to establish their own kind of rule. And it is not at all a matter of the population experiencing sympathy for the so-called pro-communist orientation of Rakhmon Nabiyev and his followers. By the way, he himself—just a few days ago—expressed regret that his country had been so long under the power and authority of a communist regime. It is obvious that something else is pertinent here. The Islamic factor is latently or covertly perceived as a destabilizing political factor. Perhaps not so much in and by itself, but rather because an Afghan influence would very clearly follow it.

Be that as it may, it seems that it is precisely here—in overestimating the importance of the Islamic factor—that Moscow's policy mistake lies. It tried to place its bet on Akbarsho Iskandarov, the republic's acting president; time after time it received him in Russia's capital for secret negotiations and agreed that he should head up the State Council. And now everything has fallen: the Supreme Soviet Presidium, the government, the State Council, and Iskandarov himself.

Of course, this still does not mean the end of the attempts by the pro-Islamicist forces to establish their own definite influence in Tajikistan. The session of the Supreme Soviet which has been scheduled for 16 November—a session to be attended, finally, by all the contending factions in order to create truly legitimate organs of power—perhaps will not even take place. The following circumstance testifies in favor of this conclusion: Immediately after the resignation by the leadership, the situation in this republic worsened sharply. Armed clashes intensified in a number of rayons, in the city of Nurek, in the Shar-Shar Pass, located 40 kilometers from Dushanbe, and in the Pyandzhskiy Rayon, which borders on Afghanistan. Observers and commentators have expressed the opinion that the exacerbation of the situation was brought about intentionally and deliberately for the purpose of disrupting the session of the republic's Supreme Soviet and not to allow the establishment of a legitimate regime. This was precisely the tactic that was utilized to prevent implementation of the Khorog Peace Agreement, which was signed on 27 August.

It is thought, however, that the situation now is somewhat different than it was in August. The situation is new, if only by virtue of the fact that there is much more activity than there was earlier: All the leaders in Central Asia and Kazakhstan have now shown themselves to be in favor of the cause of pacifying the situation in Tajikistan. We can only wish that this time around Moscow's foreign-policy department will place its bets on those political figures which would respond to the aspirations of the majority of Tajikistan's population.

TURKMENISTAN

Railroad Operational Problems Highlighted*934A0235A Moscow GUDOK in Russian 31 Oct 92 p 2*

[Article by V. Nuzhdin, deputy chief, operations depot: "One's Own Locomotive: Assigned Driving on the Turkmen Railroad"]

[Text] How often we hear the word "owner" nowadays. Until recent times we owned everything and...nothing. Therefore, our generally reliable equipment became nothing but scrap metal literally after a few years of operational use.

I have been working in the transport field for a long time. I saw how the diesel locomotives which arrived here from the Lugansk Plant during the 1970's "flashed by" along a 2,000-kilometer route without stopping: from the Zhaslyk Station to Chardzhou, from Mary to Krasnovodsk. At that time I was working as a locomotive engineer; somewhat later I became an instructor of locomotive engineers, and I remembered the numbers of the locomotives very well. On one occasion I saw such a number, but I simply could not recognize the locomotive; it looked like an overdriven, jaded horse, completely unwashed, uncared for, and badly beaten. But there was really nothing to be surprised at by such an occurrence: At the terminal stations of the webs one crew would leave, frequently cursing the locomotive's operational behavior, another crew would take its place in the cab and start moving, wondering "what joys" the diesel locomotive would give them this time out....

I will spare you the lamentable "portrait" of an unmaintained locomotive. Sometimes one used to get furious at all this, while at other times one would simply dismiss it with a wave of the hand, as if to say: "That's the way the system is—you can't fight it."

But the locomotive engineers always had a living conscience. During those years it manifested itself in a particularly original manner in a former mechanic named Akop Sukiasyan. Seven years prior to the introduction of the assigned-crew system he requested that the depot chief assign him a diesel locomotive for "individual utilization," even if only by way of conducting an experiment. They met him half-way.

And so Akop's "Luganka" [a diesel locomotive from the Lugansk Plant] ran its first 200,000 kilometers without any TR-3 maintenance and repair, as well as its second 200,000 kilometers—also without repairs. And it was only after 600,000 kilometers that Sukiasyan—evidently feeling sorry for the skeptics—brought his locomotive into the repair depot. An extremely thorough, meticulous inspection failed to provide any "food" for his ill-wishers there: The locomotive was in almost-new condition. So they lubricated a few things here, tapped a few things there, tightened up a few assembly units—more for the sake of following the procedure, rather than out of necessity—and returned the locomotive to its owner.

And Akop strictly observed the inviolability of his own locomotive. Once in Bukhara they proposed that he turn this locomotive over to another crew. At first they tried to persuade him kindly and gently; then they brought in the division chiefs and even the top brass from the railroad; they threatened to drag him out of his cab by force. But none of this worked. And Sukiasyan became the founder of the assigned-driving system on the Central Asian Railroad. That is what they called him at the ceremony marking his retirement on a pension. And it was then that he turned his "Luganka" No 2342 over to a younger replacement crew without any fears that it would be overdriven. By that time he had completely worked out the methodology.

A year ago a network school conference devoted to assigned driving was held in Chardzhev. The leading officials of the railroads and locomotive services also attended such a conference in Bukhara. What we talked about were the advantages of this method from a somewhat different point of view.

Several figures were cited at this conference. Thus, since 1984—the time when assigned driving was introduced—through 1990 locomotive productivity on the Central Asian Railroad increased by 13.6 percent, and the average 24-hour run—by 18.9 percent. The in-stock fleet of main-line locomotives was cut back by one-fourth. The number of hours of overtime work went down by almost three-fourths, while labor outlays per unit of hauling operation fell from 2 to 1.7 man-hours. And the sectional train speed increased by almost 35 percent. During the initial years of this new system the concept of the "standers," i.e., locomotives that are unfit to pull trains, had already disappeared. The number of stoppages for unscheduled repairs declined from 22.4 to 9.6 instances.

Of course, this did not just happen all by itself. Behind the above-cited favorable indicators are some very complex changes in the activity of the depot's collective, as well as in the psychology of the locomotive crews and the repair workers. And the Chardzhev locomotive people were the pioneers in this turning-point. Why so?

The experience acquired by Akop Sukiasyan became—so to speak—a crystallizer in the environment which evolved within our collective. It was likewise supported by the division, headed up by Kh. Khalykov—who is now chief of the Turkmen Railroad.

Furthermore, ten years ago A. Kostin, a young graduate of the Tashkent Transport Engineering Institute, proposed that the depot introduce a standardized or integrated system of locomotive diagnostics. Thus, there appeared a diagnostic center using computerized data processing. This allowed us to save considerable amounts of time, which used to be spent by the repair brigades in dismantling and reassembling clumsy units and mechanisms. Four years of persistent hard work raised the depot's repair service to a new technological level. By the way, at the present time Chardzhev has become this railroad's basic enterprise for repairing and

restoring the so-called "small" diesel locomotives. A. Kostin soon became chief of this depot. One of his first orders was to eliminate night shifts for the repair workers. Then the computerization of information was begun, starting with the operations service and extending to the personnel department. The following programs were created: "Routing Sheet," Vocational Guidance," "Personnel Department," etc. A "check system" was introduced by means of which the locomotive crews may keep track of repairs on the diesel locomotives.

Thus, assigned driving was based on the enthusiasm of the crews themselves, as well as on a well-structured system of a thrifty, ownership-type attitude toward the locomotives. It is this form of responsibility—primarily on the part of the locomotive crews—which has allowed us to maintain the technical, and hence also the operational condition of these locomotives at the highest level for the longest possible operating periods within the traction system.

Here's what this looks like in actual practice: The depot's entire diesel-locomotive fleet has been assigned to various crews. There are three crews each for a locomotive engaged in freight traffic, four each for one in switching operations, and two each for a locomotive used in passenger traffic. A senior locomotive engineer is appointed; he is responsible for the locomotive's technical and sanitary condition and the selection of the crews. He is also issued checks for repairs to the diesel locomotive; in their "monetary" content, these checks are equivalent to the costs of the various repair operations. If the engineer considers that a certain type of repair has to be carried out at the depot, he hands over the appropriate check to the repair crew. The fewer checks are handed out, the more funds remain for the locomotive's owners. Some 70 percent of the money thus saved goes to the locomotive engineers and their assistants, while 30 percent goes into the material-incentives fund. Thus—no matter where you turn—there is self-interest and motivation everywhere.

Well, the results are as follows: Idle times for a diesel locomotive undergoing repairs (TR-1) in 1985 amounted to 61 hours; in 1992 this figure was 46.15 hours, whereas for TO-3 inspection the corresponding figures were 43 and 21 hours. Rejects in train and switching operations were reduced from 30 instances to 4 last year. Break-downs of electric motors were cut by two-thirds.... One could cite impressive figures with regard to savings on lubricating materials and diesel fuel by means of high-quality maintenance of the engines and piping systems.

If these indicators seem unconvincing to certain persons, let me remind them that Turkmenistan is located in a climate zone which constantly tests a person for endurance. In the summer the temperature reaches 40 degrees C in the shade, and in the sun one can easily set out a pan and fry an egg in it. Then you can imagine what the temperature is in the iron box of a locomotive engineer's cab, especially when you add the heat of a powerful diesel. Moreover, locomotive crews must work in heavily

dust-laden air. Therefore, a diesel locomotive's operating "life" under these conditions has been determined to be 18 years. But we have dozens of locomotives which have long since stepped across the threshold of "longevity." Many of them have served for a quarter of a century. Under the present-day conditions of high prices for locomotives and the lack of spare parts assigned driving has become a powerful incentive for maintaining and preserving the fleet. In recent years we have not "written off" a single locomotive.

The feeling or sense of being an owner is what motivates and drives people. Our locomotive crews are motivated by self-interest to keep their own locomotives in constantly good working order; because, after all, when the wheels turn, the money comes in. In some cabs the floors are covered with carpeting, and in the diesel areas one can easily walk through in white coveralls.

I would not say that the Chardzhev locomotive engineers and their assistants earn some kind of fabulous money, although the depot does receive powerful material support by assigned driving. But, of course, what they earn on their own, well-arranged "homes on wheels" is nicer and dearer.

It is this feeling of a home, its inviolability and the steady, regular procedure, which brings a person much more satisfaction than the "long" ruble on a trip that is nerve-wracking and filled with unexpected happenings.

UZBEKISTAN

Afghan, Uzbek Communiqué on Cooperation

93US0115A Tashkent PRAVDA VOSTOKA in Russian
15 Oct 92 p 1

[Joint Communiqué on Results of the Business Trip of the Head of the Islamic State of Afghanistan, B. Rabbani, to the Republic of Uzbekistan]

[Text] In accordance with the invitation issued by Islam Karimov, president of the Republic of Uzbekistan, the head of the Islamic State of Afghanistan, Borhanoddin Rabbani, came to the Republic of Uzbekistan on a business trip from 13 through 15 October 1992.

Republic of Uzbekistan President I. Karimov and the head of the Islamic State of Afghanistan, B. Rabbani, engaged in negotiations in Tashkent on 13 October.

The two heads of state viewed their exchange of opinions on a wide range of issues as very useful. The two sides emphasized the fact that this Uzbek-Afghan summit would become an important stage in the development of inter-governmental relations between the Republic of Uzbekistan and the Islamic State of Afghanistan. Throughout their history the people of the two countries have been linked by brotherly friendship and cooperation.

The Uzbek and Afghan leaders discussed events taking place in Afghanistan.

The head of the Islamic State of Afghanistan said that his country needed some time to stabilize its situation after 14 years of fighting off a foreign aggressor.

The situation in the country is going to improve rapidly, the national council that is being formed now will soon start to function, and peace will descend upon the country.

President I. Karimov expressed his firm opinion that the conflict in Afghanistan should be settled peacefully. He put special emphasis on Uzbekistan's interest in seeing that the Afghan Government gave maximum consideration to the interests of all ethnic groups within the borders of what is now Afghanistan and preserved the unity of its people and its territorial integrity.

After discussing the situation in neighboring countries, the sides expressed their hope for the speediest stabilization of the situation. The two sides consider that the possibility of interference in the internal affairs of these countries cannot be tolerated, and spoke about the necessity of preserving their territorial integrity and preventing any violation of their borders and about finding peaceful political solutions to all the problems of the conflicting sides, which should regard the interests of the people from these sovereign countries.

Detailed consideration was given in the course of negotiations to various aspects of bilateral relations between Uzbekistan and Afghanistan. The two sides stated that embassy-level diplomatic relations were established during the summit between the Republic of Uzbekistan and the Islamic State of Afghanistan. The sides also agreed to open an air route between Tashkent and Kabul. The state leaders showed their unanimous support for intensive development of cooperation and its expansion into all areas. Special emphasis was put on the search for new and efficient forms of cooperation and the necessity of switching to them. An agreement was also reached on further development of trade and economic and other relations. This fits in with the basic interests and expectations of the people of both countries.

The two sides declare that the relations between the Republic of Uzbekistan and the Islamic State of Afghanistan will continue to develop in accordance with the basic principles of intergovernmental relations as recognized everywhere, i.e. the principles of mutual respect and territorial integrity, noninterference in each other's internal affairs, equal rights, and mutually profitable cooperation.

B. Rabbani expressed his support for the determination shown by the Uzbek people in their desire to set up conditions allowing them to strengthen their independence, preserve political stability, and expedite socioeconomic progress.

The two sides admitted that there was a need for a new and efficient consultative mechanism providing for expanded dialogue on issues of mutual interest as well as on major global and regional international problems that

present a special interest for both sides. The sides also agreed to start work on preparing the contractual and legal basis for their mutual relations.

The governments agreed that the Republic of Uzbekistan and Islamic State of Afghanistan will conduct their relationship without any foreign intermediaries, face to face, and with an open heart, as brothers and good neighbors.

The state leaders feel deeply convinced that the current visit and the exchange of opinions will help to strengthen the friendly links between the Republic of Uzbekistan and the Islamic State of Afghanistan, and will serve to reinforce their cooperation and mutual trust.

B. Rabbani invited President I. Karimov to come to Afghanistan for an official visit. The invitation was accepted with gratitude. The time of the visit will be confirmed later through diplomatic channels.

Tashkent
13 October 1992

Trade Cooperation With Czechs Viewed

93US0115B Tashkent PRAVDA VOSTOKA in Russian
17 Oct 92 p 2

[Article by K. Rustamov, under the "Business Messenger" rubric: "New Stages in the Traditional Partnership"]

[Text] The Czech and Slovak Federal Republic [CSFR] trade mission has been functioning in Tashkent for two years. A lot has been done during this time to ensure the development of mutually profitable trade and economic cooperation between our countries. According to the CSFR trade representative in Uzbekistan, Mr. Antonin Galaksa, now that Uzbekistan has become a sovereign state these relations have become even more important.

What interests are attracting the Czech and Slovak entrepreneurs to Uzbekistan? First, Czechoslovakia has traditionally bought our cotton. The country produces textile machinery designed to work on the kinds of cotton grown in Uzbekistan. Besides this, Czechoslovakia is interested in purchases of nonferrous metals, fruits, and vegetables. The country, in its turn, supplies machine-building equipment, the latest technologies, land-improvement and hydraulic equipment, consumer goods, etc.

Yuliyus Vlichek and Pavel Rusnak, representatives of the Investa and Detva companies, have been cooperating with our republic enterprises for over a year; they are working directly for the CSFR trade mission in Uzbekistan. Investa's production is well known to people employed in our light industry enterprises. Detva makes land improvement equipment.

The first joint Uzbek-Czecho-Slovak ventures started to appear recently. The joint venture Farkhad, for instance, which was formed with the participation of the world-famous Sigma concern, is producing deep well pumps so necessary for Uzbekistan. A joint venture has been organized to assemble AVIA small trucks, popular in our republic, which are quickly sold out to agricultural establishments. A textile enterprise built with the participation of the Slovak firm Slovenka has started operations. However, Antonin

Galaksa told us that the trade mission was not always aware of all the contracts concluded between the Uzbek and Czech and Slovak business circles. Very often the trade mission is merely informed of the fact after the contract is signed.

"This proves that both your entrepreneurs and ours are free from too much government control," Mr. Galaksa remarked in this respect.

ESTONIA

Estonian Self-Defense Forces Purchase Romanian Arms

93UN0303B Moscow IZVESTIYA in Russian
14 Nov 92 Morning Edition p 2

[Report by Leonid Levitskiy: "Romania Has Sold Estonia Defective Kalashnikov Automatic Weapons"]

[Text] The Estonian self-defense forces have purchased from Romania 4,000 Kalashnikov automatic weapons. The press has not mentioned the price. However, it reported that 250 of the weapons proved to be unusable.

All newspapers reported that Russia has prohibited the selling of weapons to Estonia. However, according to a quite high official, the blockade imposed by Moscow is not feared. Automatic weapons are available and, for the time being, in sufficient amounts. Pistols have been available in sufficient quantities for quite a number of years. They were procured by the customs officials for the self-defense forces. Customs confiscated a large shipment—15,000—Makarov pistols, allegedly sold by the Izhevsk Machine Plant to a British company. The deal was qualified as contraband goods. The Izhevsk people had filled the documents improperly: they had lowered the number of weapons by one-half and misrepresented their make.

This was the Estonian view. Representatives of the Izhevsk plant have denied it, but somehow quite timidly and vaguely. The Russian Ministry of Foreign Affairs had allegedly also tried to prevent the confiscation of either competition or Makarov combat pistols. Nonetheless, the weapons were confiscated.

Anti-Government Sentiments in Narva

93UN0287A Moscow IZVESTIYA in Russian
13 Nov 92 Morning Edition p 2

[Report by Leonid Levitskiy, IZVESTIYA: "Narva Welcomed Estonian Prime Minister With Posters Proclaiming 'Work, Bread!'"]

[Text] For the past few days, meetings organized by the union of unemployed have been taking place in Narva. They have been joined by the people of Krengolm. "Krengolmskaya Manufaktura," one of the biggest enterprises in Europe, is on the brink of bankruptcy. The tax department, which froze its account, dealt the final blow at Krengolm. Its funds will be confiscated to pay its taxes totaling 100 million kroons (three billion rubles).

It is not the collective alone which is to be blamed for this. Millions of meters of excellent quality cotton fabrics were produced and shipped to consumers in Russia and other CIS republics. However, because of the paralysis in cash turnover, after introducing the use of the kroon payments from the East are not being received. The profit tax is computed immediately after the goods have

been shipped. Theoretical paper profits do not provide real kroons, hence the funds owed to the budget.

For quite some time the people of Krengolm made ends meet by trading on the Western market. In one year they quadrupled their sales in foreign currency. The hope was, somehow, to be able to withstand during such desperate times. However, by freezing its account, the tax department has doomed the enterprise to bankruptcy.

The collective appealed to the State Assembly and the government with a request to review its tax policy and settle accounts with the countries within the former USSR and provide a legal protection abroad. If the enterprise's funds are not released, the appeal states, more than 7,000 workers will remain without means of subsistence, which could threaten a social explosion.

"Krengolm and some other enterprises are the least to be blamed for the increasing difficulties. They should be helped as quickly as possible with loans," Prime Minister Mart Laar told the journalists, after taking a special trip to the northeast to clarify the situation.

Narva welcomed the head of the government with meetings and posters reading "work, bread." The city is indeed on the brink of catastrophe. According to Mayor V. Mijul, 50 percent of the people are unemployed and even those who have jobs are not always paid.

"The old parliament and the government (Estonia) did not show any particular concern for the life of the people of Narva....," wrote MOLODEZH ESTONII. "They were more concerned with problems of territorial integrity than with the fate of individuals.... What will happen now?..."

After visiting Narva, the prime minister as well was unable to provide a simple answer. The city is in the throes of political, economic, social, and ethnic problems. It is the Estonian government that will have to determine how to prevent an explosion. We believe, however, that this will not happen without Russia's participation. Narva is at its border, and works for Russia as well. Furthermore, Russian citizens are arriving in Narva with every passing day. Not hoping to acquire Estonian citizenship, the people of Narva are opting for Russian citizenship.

Kroon Seen 'Trump Card' in Feud With Moscow

93UN0276A Stockholm DAGENS NYHETER
in Swedish 1 Nov 92 p 8

[Article by Mert Kubu: "Estonia Squeezing Russians: Financial Thumbscrews To Force Troop Withdrawal"]

[Text] If President Yeltsin is serious about his threat to stop the exodus of Russian troops from the Baltics, there will be no new money for the Russian Army's needs.

DAGENS NYHETER has learned. The 50 million Estonian kroons which the Russian Government got are gone.

There is great irritation and anger among the Baltic leaders after President Yeltsin's unexpected move and the threat to freeze the troop withdrawal. The presidents and prime ministers of all three Baltic countries sharply condemn Yeltsin's decision and hope that it will not be followed up "but was made more for reasons of domestic policy."

"A deplorable threat, which violates the Helsinki declaration," says Estonian President Lennart Meri.

He counters Yeltsin's criticism by adding that "Estonia guarantees the human rights of all who live in the country." And, moreover, in such a liberal way that it should be a "model for many other countries, among them Russia."

Expensive for Russia

Should Yeltsin's threat become real, the Estonians could make it expensive for Russia to keep the troops in Estonia. When the Estonian kroon was introduced last summer and made convertible to Western currencies, a difficult problem developed for the Russian Government. In order to be able to live in Estonia, officers and their families need Estonian money, conscripts need per diems and more than 11,000 retired officers, primarily living in the Tallinn area, receive pensions in Estonian kroons.

After negotiations, the Russian Government at that time got a very favorable agreement: 50 million Estonian kroons for 500 million rubles.

This has been sharply criticized within Estonia. The Russian officers now have considerably higher salaries in Estonian kroons than most Estonians. Russian conscripts, for example, often get 300 Estonian kroons in monthly pay compared to not quite 100 for Estonian conscripts.

Today only one bank, at a small booth in the Baltic Station in Tallinn, has permission to exchange Estonian kroons for rubles at "daily rates" for travelers going on the train via Narva to Russia. That is why it is mainly the black-market money changers outside the main post office, across from hotel Viru, who exchange at rates up to 30-40 rubles for one Estonian kroon. For the customers this is a dangerous business, because occasionally someone may lose his wallet under the threat of a gun, in the middle of the day—without the police intervening.

Completely Legal

Now the Estonian Government intends to release the trade in rubles; the black market exchange will disappear and the Estonian kroon will become completely legal as a hard currency versus the ruble.

The Russian Government wants to have Estonian kroons at a "more favorable" exchange rate, of course. So the Estonians are demanding oil and gasoline in exchange. But above all they want to get rid of the former Soviet occupation troops.

The Estonian Government will be debating the matter on Monday. Estonian Finance Minister Madis Uurik confirms to DAGENS NYHETER that the Russian authorities have said that their Estonian kroons are gone and that they will need to replenish them as soon as possible.

Prime Minister Carl Bildt thinks that Russia is making a mistake if the return home of the Russian troops is stopped. A halt could only make the situation worse for the Russians in the Baltic countries, says Carl Bildt to TT [Press Wire Service, Inc.]. Sweden will now take action in the matter and demand a sensible explanation from the Russians.

The Western defense alliance NATO is expressing concern about President Yeltsin's decision to halt the withdrawal of the Russian troops from the Baltic states. A spokesman for NATO said that it is worrying that the retreat had been stopped, but he assumed that Moscow had purely practical problems. TT-Reuter reports.

President Yeltsin motivates the halt by the fact that the Russian minority in the Baltic states is treated badly and that its human rights are being ignored. Yeltsin also wants the rights of the remaining retired officers to be clarified.

Central Bank To Continue Tight Credit Policy

93UN0304A Tallinn ARIPAEV in Estonian
12 Sep 92 p 3

[Article by Peeter Raidla: "Strong Kroon Policy Continued"]

[Text] Bank of Estonia president Siim Kallas and its chairman of the board Ants Veetõusme gave a press conference to the media on Thursday.

Tougher credit policy

It was confirmed that a strong monetary policy will be continued in Estonia. A resolution had also been passed regarding the future course of monetary reform. The Bank of Estonia is of the opinion that more funds could be channeled to the credit market only if they are used effectively. So far, it seems that this could not be done.

The Bank of Estonia firmly refrains from emitting currency without backing.

Estonia's industrial circles, especially state enterprises, have made a habit of begging for credit. At the same time, they cannot come up with a specific plan for how this credit is to be used. One example of that is Estonia's butter industry: There is plenty of butter stocked up, but it is not released for sale. In the meantime, more credit is

being requested so that more butter could be produced for stockpiling. There is also a reluctance to sell it more cheaply, making people turn to buying Finnish products.

Requests for credit also include cases where the applicant has a license obligating it to sell its production to the Soviet Union, or else it has been getting cheap raw materials which can no longer be had, or some such problem.

There have even been cases where leaders of a state enterprise try to exert pressure on the Bank of Estonia. This includes threats to complain to the higher-ups (*pro* government), but fortunately only the parliament has any clout over the Bank of Estonia. "So far, the Supreme Council and the Bank of Estonia have been getting along well," Siim Kallas said.

Also, the Bank of Estonia executive board has subscribed to the principle that the interest rate should not be lower than the inflation rate. When prices go down, so does the interest. Since the monetary reform, the interest rate of banks has gone down to about 50 to 60 percent, which cannot be considered too high.

Increase of prices should be stopped

The Bank of Estonia sees the necessity of stopping the increase of prices. This, however, does not mean freezing prices, as some publications have suggested. The kroon is strong indeed but, because of high prices, our own goods are not moving and can even spoil, especially in the case of dairy and meat products.

Settling of accounts with Latvia and Lithuania

This week, banking agreements were signed between Estonia and Latvia and between Estonia and Lithuania. The principle for the mutual settling of accounts is simple and logical: It will be done in freely convertible currency only. This is quite understandable since both Latvia and Lithuania have admitted that their currency, unlike the Estonian kroon, is not yet convertible or stable.

The same applies to Russia. In fact, it was mentioned at the press conference on Thursday that the settling of accounts in dollars is proceeding normally between Estonia and Russia. The Bank of Estonia does not recommend that anyone settle their accounts in rubles. That also goes for Estonian enterprises dealing with each other. The ruble can harbor dangers that are not always evident. This is why the Bank of Estonia found it necessary to curb the circulation of rubles in Estonia. And that despite the liberal attitudes prevailing. By the way, as of August, after the monetary reform, the value of the ruble against the kroon has dropped 78 percent.

The Investment Bank

The Bank of Estonia board approved the charter for the Investment Bank [Investitsioonipank]. The Bank of Estonia allocated 3 million ECU's to the Investment Bank. Another 1.5 million ECU's has been promised by

the Eurobank. This money is meant primarily for long-term financing of medium-sized and small business ventures.

About the Commercial Bank of Parnu

Ants Veetõusme said: "There is good reason to think that the Commercial Bank of Parnu has run afoul of the law. This is why it was decided that the Bank of Estonia submit its claim to the Commercial Bank of Parnu in writing. The issue is supposed to come up again in about a month, at which time it will be decided what is to become of the Commercial Bank of Parnu."

Siim Kallas added that the Bank of Estonia does not want to force any commercial bank to its knees. However, it will not do anything to help them either. Each will have to be able to stand on its own.

About the Bank of Western Estonia

The Bank of Western Estonia [Laane Eesti Pank] has been written up frequently in ARIPA EV. Always in connection with its debt to the Estonian Bank of Savings [Eesti Hoiupank]. Every business day, since the beginning of September, 200,000 kroons are being transferred from the account of the Bank of Western Estonia to that of the Estonian Bank of Savings. Based on the total amount, it will take 300 business days to pay off the indebtedness.

Siim Kallas added that late fees are being added on for the entire period.

Ants Veetõusme, as a shareholder of the Bank of Western Estonia, refrained from comment on that bank for ethical reasons. He did add, however, that sometimes he feels like telling them what they should be doing.

To the clients of banks

The Bank of Estonia executives reminded all clients of commercial banks that if they have claims against one bank or another, they should be filed formally. Options include turning to the bank serving the client, to the Bank of Estonia, and also to the court.

Banking clients should also be reminded that the Bank of Estonia does not differentiate between cash and money transfers. A client has the right to demand settlement in cash, even though Siim Kallas thinks it "a stupid thing to do." Just the same, the Bank of Estonia is not going to take any administrative action in this matter, despite the government's decree (any settlements exceeding 100 kroons should be made with transfers only).

There are many banks

The Bank of Estonia maintains that there are already too many commercial banks in Estonia. A total of 41 operating licenses have been issued. The new requirement going into effect on January 1, 1993, stipulating that the initial capital of a bank be at least 6 million kroons, is

expected to normalize the situation. Obviously, many of the smaller banks are expected to merge.

The Finnish mark and the Estonian kroon

Siim Kallas stated that the drop in the value of the Finnish mark has not affected the exchange rate of the Estonian kroon. One of the guarantees for that is that the Estonian kroon is backed, for up to 90 percent, by gold and German mark reserves.

By the way, lately, there has been a marked increase in the flow of Finnish Marks into the commercial banks of Estonia, due to accounts settled with Finnish, Russian and other banks.

It was also suggested that erosion of the Finnish mark could bring down the prices of Finnish goods, thus making them more competitive on the Estonian market. This, in turn, would mean that the money paid for the goods will leave Estonia.

LATVIA

Russian Ambassador on Yeltsin Order To Halt Withdrawal

WS2411133192 Riga DIENA in Latvian
3 Nov 92 p 1 (tentative)

[Article by Iveta Bojare: "Rannikh Explains Yeltsin's Order"]

[Text] Riga, 2 Nov (DIENA)—According to Russian Ambassador to Latvia Aleksandr Rannikh, Russian President Boris Yeltsin decided to halt the Army withdrawal from the Baltic states because he wished to set in order, to coordinate, and to speed up the interstate negotiations, which, as the diplomat put it, recently were nearly running into a brick wall.

"Although the Baltic states had previously shown initiative, there had been no progress in the negotiations. Meanwhile, the Russian Army and its officers found themselves in a difficult situation," A. Rannikh explained to DIENA. The problems of the officers reached the president, and so he gave the order. Let us recall that this order came as a surprise to the politicians in Russia as well as in other countries, and that they explained it mainly by Russian domestic reasons, namely—by relations between the president and the Army.

Views were expressed that the decision is contradictory to the final documents of the CSCE signed in Helsinki last summer.

However, A. Rannikh recalled that Russia had made the decision to withdraw the Northern-Western Army Group only after the withdrawal of the Western Army Group from Germany was completed. Taking into consideration the entreaties of the Baltic side, the process was started parallel but this benevolent gesture did not

meet with due understanding on the part of Latvia. "I do not want to say that there is someone who is personally hampering the talks; the reasons that put a halt to the negotiations were overflowing emotions, an occasional lack of willingness to go deeper into the heart of matters and take a step toward the other party," believes the ambassador. One should understand the social problems that have arisen in Russia in this situation.

The often mentioned aspect of violation of human rights, according to Rannikh, has found an expression in Yeltsin's decision only in a form of anxiety. "The embassy is also concerned about the rights of the Russians in Latvia." The ambassador did not answer the question about whether Russia is linking the aspect of violation of human rights with the Army withdrawal from Latvia. He indicated that this is one of the problems of interstate relations between Russia and Latvia: "It is quite clear that the Army will withdraw from this territory, but it is not so clear whether everything will be in order with the human rights here." This specifically is the reason why Russia is resolving the matter of the violation of the human rights in two ways—through interstate negotiations and with the help of international organizations. The last way is being used in order to clarify questions that Latvia is unable to settle through bilateral talks.

By his decision, B. Yeltsin has given the Foreign Ministry of his state the task of submitting the question of human rights violations in the Baltic states to the United Nations. At the same time, Latvian Supreme Council Chairman Anatolijs Gorbunovs already spoke yesterday about the necessity for the three Baltic states to ask the UN to scrutinize the act of the neighbor country. The same view was expressed by Estonian President Lennart Meri. A session of the Baltic Council is also planned for this week.

Deputies, Factions Listed

93UN0217C Riga NEATK.1RIG.I CINA in Latvian
20 Oct 92 p 2

[Listing: "Faction Affiliations of the Deputies of the Supreme Council of the Republic of Latvia"]

[Text] LATVIAN PEOPLE'S FRONT FACTION A. PAN-TELEJEVS R. MARJASA I. KRASTINS J. GULBIS O. KEHRIS R. REPSA J. KRUMINS I. CEPANE A. TEIKMANIS M. STEPICEVS A. ENDZINS A. KRAMINS A. TOMASUNS I. BERZINS L. ALKSINIS V. CEBOTARENOKA I. SILARS I. DAUDIŠS M. BERZINS I. CUPRUNS V. EININS A. LEMBERGS A. MACTAMS G. KRISTOVSKIS V. KALNBERZS A. APINITIS A. LIGOTNIS G. ANDREJEVS V. BIRKAVS E. BUKELE E. KIDE D. SKULTE L. TETERIS R. CERNAJS J. ZASCIERINSKIS I. STRAZDINS L. SKOSTA P. SIMSONS A. BERZINS J. DINEVIC'S M. ARNITIS A. LANGE I. GODMANIS V. BIKIS E. JURSEVIC'S I. KALNINS I. LUCANS J. GAVARS V. MUCENIEKS T.

JUNDZIS N. BELSKIS A. PUZO A. UDRIS A. KODOLINS A. GORBUNOV A. BULS J. DOBELIS I. BRIEDIS J. BLAZEVICIS I. GEIGE R. KRUMINS

"SATVERSME" FACTION V. EGLAIS A. KIRSTEINS G. KRUMINS I. OZOLS O. BATAREVSKIS R. RIKARDS D. ABIKIS R. APSITIS B. SALITIS J. KARLSONS M. CIRULIS E. CILINSKIS J. FREIMANIS M. BUDOVSKIS I. GEIDANS A. BERZS I. CAUNE J. CIBULIS D. VANAGS J. ENDELE P. GABRANOV S. MEDNIS I. EMSIS E. BERKLAVS V. STEINS K. LIEPINS V. ZEILE A. SEIKSTS J. BIEZAIS A. GRUTUPS J. VAIVADS A. ULME A. SEILE Z. ZIEDINS G. FREINBERGS

RURAL DEPUTIES' GROUP

R. KRUMINS J. KINNA K. SLAKOTA V. STRIKIS A. JAUNKLAVINS S. RAZNA A. BERKIS P. KROGALAUZS S. ALBERTINA K. SPOGIS E. KRASTINS V. KOKORISS J. AIZEZERS P. KOROSEVSKIS G. GRUBE A. FELSS G. KLINDZANS

DEPUTIES NOT IN A FACTION

I. CALITIS V. SMIRNOVS J. DZINTARS A. ZUKS A. PERSINS M. BERDIKOV G. MOROZLI V. MIHAILOVS D. BLUMBERGS K. MATVEJEVS A. SAFONOV A. PUNOVSKIS I. ELERTS M. GAVRILOVS A. SMOLUKS A. BELUHA V. ZATULIVITERS V. PRISCEPOVS M. IVANOV V. RODINS A. PROVIDENKO J. DROBOTS G. AGAFONOV S. ZALETAJEVS N. MIHAILOVS O. SCIPCOVS A. ZOTOVS V. HODAKOVSKIS V. KOSTINS E. MAHAREVS G. ROMASOV S. MOVELS V. DOZORCEVS J. LAGDZINS I. MUCINS T. ENINS B. FERSALOV S. BARTASEVICS M. BEKASOV S. RESETNIKOV S. KROLS L. KUCANS P. LAKIS G. RADIONOV S. GERASIMOV S. ABOLTINS L. KURDJUMOV S.

*Supreme Council of the Republic of Latvia

State Oil Transport Company Head on Pipeline Closure

WS2411133292 Riga DIENA in Latvian 3 Nov 92 p 1 (tentative)

[Report by Janis Trops from the Latvian seaport of Ventspils: "Although Latvia Owns the Pipeline, the Fuel Still Does Not Flow"]

[Text] Ventspils, 2 Nov (DIENA)—The oil pipeline, closed on 19 October, through which diesel fuel oil was being transported from Russia to Ventspils, is still out of operation. "The situation did not improve after the Ivar Godmanis and Yegor Gaydar talks on 28 October in Moscow, when the prime minister succeeded in obtaining Latvian property rights for this pipeline on Latvian territory," DIENA was told by Imants Riekstins, managing clerk of the state oil transporting company "Ventspilsnafta".

He stated that previously, up to 13,000 tonnes of diesel fuel oil could arrive daily by means of this pipeline. At present, much less arrives by train—only 7,000 to 10,000 tonnes. Besides, the exporters are small companies, while in the past the pipeline was being used by the gigantic Russian state enterprise "Rosnefteprodukt".

It has been almost a month already that three ships, with a total capacity of 90,000 tonnes, have been waiting for a load of diesel fuel oil in the Ventspils harbor. One ship arrived for 26,000 tonnes of fuel on 24 October.

"As far as I understand, we cannot reach an agreement with Russia on transit tariffs. At the same time, every day spent on interstate negotiations without any result means hundreds of dollars of lost profit for Latvia and us. I think that this results in losses to Russian business, too. Therefore I cannot understand why the talks of the delegations of both states are so ineffective," said I. Riekstins.

LITHUANIA

Lithuania's Press Reacts to Election Results

93UN03274 Vilnius ATGIMIMAS in Lithuanian 2 Nov 92 p 11

[ATGIMIMAS press review: "Who Is Winning the Elections"]

[Text] Lithuania is a country unfavorable for prognoses. That can be said not only about the unexpected error of the Infas-Bull sociologists concerning the results of the Seimas [Parliament] elections. Also not confirmed were two seemingly obvious conclusions of our own specialists: that voter turnout would be low, and that those who came would vote for personalities rather than parties.

It happened otherwise. The Lithuanian press reacted in diverse ways to the unexpected situation.

Why is the left winning and the right losing? We find various opinions in newspapers concerning this important question.

"The majority of Lithuania's politicians, myself included, did not appreciate the weariness of the people, their desire to put things in order. It's only unfortunate that, instead of punishing those who hindered reforms and the establishment of order, the people punished those who were unable to control the troublemakers... The majority of these troublemakers belonged to the former Communist, now Democratic Labor 'Party,'" states [Prime Minister] A. Abisala in his interview in RESPUBLIKA (28 Oct 1990 [sic]). And N. Rasimavicius asserts in LIETUVOS AIDAS (30 Oct 1992) that those who voted for the LDLP [Lithuania's Democratic Labor Party] were "in part convinced communists, and in part those who expect to be able to live again at someone else's expense. Many voted for the laborists just out of spite, and a large group of people contributed to the leftist victory 'who one way or another had 'touched'

KGB activity." These chose the LDLP as their defender, although their real defenders will be the right-wing forces "when they declare a general amnesty for the innocent." The author also reproaches Prime Minister A. Abisala for "contributing to the communist return to power" by refusing to stabilize prices before the elections.

The Sajudis coalition's statement on the results of the first round of Seimas elections (LIETUVOS AIDAS, 30 Oct 1992) asserts that the election results were strongly affected by splits within the democratic forces, which Sajudis was unable to overcome, and the elections were also influenced in recent weeks by the artificially created energy crises and by Russia's actions.

In short, spokesmen of the right in last week's press explained the election results by claiming that 1) the voters were fooled by left-wing election propaganda; 2) the people were frightened by economic difficulties; 3) Russia participated actively in the elections; 4) non-Lithuanians, former communists and KGB agents voted for the left; 5) the government did not get involved in the election campaign through its decisions; 6) the leaders of Sajudis out of idealism explained little to the people about their correct policies (S. Stoma, LIETUVOS AIDAS, 27 Oct 1992).

The right wing's opponents hold other things to have been the most important.

The basic reason for the defeat of the Sajudis coalition was that it did not understand its own nation or comprehend its mentality: our Catholic country does not like cursing, spitting, attaching labels to opponents (G. Kirkilas, TIESA, 30 Oct 1992). A. Juozaitis also thinks that the elections showed a real, very natural reaction of the people against the existing politics, against "the whole sea of lies which has been poured on our heads." Furthermore, according to Juozaitis, a grievous injustice had been done to the LDLP. This party had carried out a gigantic internal transformation, but they were still being disparaged. This aroused the limited sense of innate Lithuanian decency, the people felt that one should not behave like this (TIESA, 30 Oct 1992).

R. Valatka, who sympathizes with neither side, thinks that the image of being the enemy was undoubtedly useful to the LDLP, which, while doing nothing, accumulated political capital from Sajudis's stupidities and shrillness.

The laborites themselves, however, think somewhat differently: the LDLP began its election campaign quite a bit earlier, performing its normal organizational work. Furthermore, the party "understood more clearly than anyone else the nation's aspirations and perhaps expressed them best." (see RESPUBLIKA 30 Oct 1992).

The political scientist A. Stromas asserts that, by voting for the LDLP in such large numbers, the people wanted to say that they reject tension-raising and nation-splitting propaganda and that they acknowledge the LDLP as a Lithuanian national party, which is totally

loyal and faithful to the interests of the nation's independence and well-being (TIESA, 29 Oct 1992).

So non-rightists point out as major defects of the right wing its shrill, aggressive public statements, its hunt for enemies, and its inability to organize itself.

"The present government is not averse to saying that there is now economic chaos in Lithuania, but blames it all on outside forces. If outside forces could make use of the government while the right wing was in power, then one has the right to ask, where was their government? It means they were incapable of governing," asserts the political prisoner and moderate Christian L. Dambrauskas (TIESA, 29 Oct 1992).

Russia's influence on the elections is described in two different ways even in the right-wing press. On the one hand, it was pointed out that Moscow's pressure was especially evident before the elections, seeking to influence people numb with cold to vote for the left ("Lithuania Is Not Resistant to the Cold. Will the LDLP Warm Her?" S. Stoma, LIETUVOS AIDAS, 27 Oct 1992). One day later this newspaper published the article "Rutskoy's Party Congratulates the Winners," in which, citing a Russian source, it is alleged that B. Yeltsin and V. Landsbergis are historical allies in the struggle against M. Gorbachev, and that A. Brazauskas's victory would also mean a victory for M. Gorbachev. For this reason B. Yeltsin was preparing to support V. Landsbergis openly in the elections, promising to withdraw the Russian army from Lithuania in 1993. However, this did not help (29 Oct 1992).

As we know, a few days ago the president of Russia issued a decree halting the army withdrawal from Lithuania and the other Baltic countries. It is not clear whether this should be considered the result of sudden, unexpected sympathy for A. Brazauskas, or of some other causes unconnected to the Lithuanian elections.

Everyone is sorry for the centrists, who are in effect eliminated from the future Seimas. Even those are sorry for them who not long ago showed no sympathy for the centrist movements, calling them camouflaged communists.

One of the reasons for the centrists' defeat was that people did not distinguish them from Sajudis. "Earlier the centrists were in Sajudis, they were in the government, therefore they have to share the responsibility for the state's degradation and the chaos which is afflicting us," says A. Juozaitis (TIESA, 30 Oct 1992).

"For two years it was explained that there is no center between communists and anti-communists. The splitters of Sajudis have, let us hope, understood their mistake," G. Miksiunas writes in LIETUVOS AIDAS (30 Oct 1992).

The liberal R. Valatka, having lost the election, is angry that "when electoral mushrooms like the Center and Moderate movements began to multiply, the liberals'

chances of winning decreased to a minimum," and blames the Center movement for the unsuccessful coalition (LIETUVOS RYTAS, 27 Oct 1992). However, in last week's press it was easy to find reproaches directed at the liberals themselves, and especially at their leaders.

All commentators agreed that the basic reason for the total defeat of the centrist forces was that, while proclaiming unity, they themselves split into separate electoral lists, being too confident in their glory as intellectuals and political figures.

"I am sorry for the centrist forces, and also for the right wing ones, who were unable to come to an agreement and did not sense that they have the same political adversary," stated [Prime Minister] A. Abisala (RESPUBLIKA, 28 Oct 1992).

Last week's press also wrote quite a bit about the possibility of a coup, of blood flowing in Lithuania. Both LIETUVOS AIDAS and RESPUBLIKA printed articles on this topic on the same day—October 28. The former semi-official organ [LIETUVOS AIDAS] published the Chilean general Pinochet's thoughts on how to institute a dictatorship successfully and "chop off the cat's tail in one blow" (the LDLP, advocating social reformism, is inclined to shorten the socialist tail gradually). RESPUBLIKA published a piece by A. Visockis which shocked many people, about how the rightists, having lost the

elections, will unavoidably shove the nation under the turf trying to "save" it from "communists". Both the leftist and the rightist publications were united in condemning one another's articles as irresponsible and provocative.

Without doubt, the greatest riddle for the press and its readers is how the unpredictable voters will behave on November 15 [the second round of elections]—who will win.

RESPUBLIKA (30 Oct 1992) knows for sure—the former communists will win. The paper names twelve pairs of opponents from Sajudis and the LDLP who reached the second round of the elections.

All of them are former CPSU members. The newspaper notes that half of the districts have candidates of various political forces who used to have a red card with the image of Lenin on it.

Arunas Brazauskas wisely asserts in the third issue of VEIDU that it is the voters who always win the elections, because it is they, and not the politicians, who sow, reap, store, wash, grind, chop, drive, sew, bake, hammer, dig. In short, they do all the work, create the country's wealth, and then pay the taxes. While elections are always lost by politicians.

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